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*Attorneys for Franklin High Yield Tax-Free
 Income Fund and Franklin California High
 Yield Municipal Fund*

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA
SACRAMENTO DIVISION

In re:
 CITY OF STOCKTON, CALIFORNIA,
 Debtor.

Case No. 12-32118 (CMK)
 Chapter 9
 Adv. Proceeding No. 13-02315-C

WELLS FARGO BANK, NATIONAL
 ASSOCIATION, FRANKLIN HIGH
 YIELD TAX-FREE INCOME FUND,
 AND FRANKLIN CALIFORNIA HIGH
 YIELD MUNICIPAL FUND,

Plaintiffs.

v.

CITY OF STOCKTON, CALIFORNIA,
 Defendant.

**DECLARATION OF JOSHUA D.
 MORSE IN SUPPORT OF
 MOTIONS OF FRANKLIN HIGH
 YIELD TAX-FREE INCOME FUND
 AND FRANKLIN CALIFORNIA
 HIGH YIELD MUNICIPAL FUND
 TO EXCLUDE PORTIONS OF
 TESTIMONY OF K. DIEKER, V.
 TOPPENBERG, R. SMITH, AND R.
 LELAND, AND MOTIONS TO
 EXCLUDE TESTIMONY OF M.
 CERA AND T. NELSON**

Date: May 12, 2014
 Time: 9:30 a.m.
 Dept: C, Courtroom 35
 Judge: Hon. Christopher M. Klein

DECLARATION OF JOSHUA D. MORSE

I, Joshua D. Morse, hereby declare:

1. I am an attorney licensed to practice law in California and admitted to practice before, among other courts, the United States District Court for the Eastern District of California. I am an attorney with the firm of Jones Day, counsel of record for Franklin High Yield Tax-Free Income Fund and Franklin California High Yield Municipal Fund (collectively, "Franklin") in the chapter 9 case of the City of Stockton (the "City"). I make this declaration in support of the following motions, which are contemplated by the *Order Governing The Disclosure And Use Of Discovery Information And Scheduling Dates Related To The Trial In The Adversary Proceeding And Any Evidentiary Hearing Regarding Confirmation Of Proposed Plan Of Adjustment* [Docket No. 1224 / Adv. Pro. Docket No. 16], as amended by the *Order Modifying Order Governing The Disclosure And Use Of Discovery Information And Scheduling Dates Related To The Trial In The Adversary Proceeding And Any Evidentiary Hearing Regarding Confirmation Of Proposed Plan Of Adjustment* [Docket No. 1242 / Adv. Pro. Docket No. 18]: (a) *Motion Of Franklin High Yield Tax-Free Income Fund And Franklin California High Yield Municipal Fund To Exclude Portion Of Testimony Of Michael Cera*; (b) *Motion Of Franklin High Yield Tax-Free Income Fund And Franklin California High Yield Municipal Fund To Exclude Portions Of Testimony Of Kenneth Dieker*; (c) *Motion Of Franklin High Yield Tax-Free Income Fund And Franklin California High Yield Municipal Fund To Exclude Portion Of Testimony Of Robert Leland*; (d) *Motion Of Franklin High Yield Tax-Free Income Fund And Franklin California High Yield Municipal Fund To Exclude Portion Of Testimony Of Tom Nelson*; (e) *Motion Of Franklin High Yield Tax-Free Income Fund And Franklin California High Yield Municipal Fund To Exclude Portion Of Testimony Of Raymond Smith*; and (f) *Motion Of Franklin High Yield Tax-Free Income Fund And Franklin California High Yield Municipal Fund To Exclude Portions Of Testimony Of Val Toppenberg*.

2. I have personal knowledge of the facts set forth herein and if called as a witness I could testify competently to such facts.

3. Attached hereto as Exhibit A is a true and correct copy of the City's amended Fed. R. Civ. P. 26(a)(2)(C) disclosure, dated March 18, 2014.

1 4. Attached hereto as Exhibit B is a true and correct copy of correspondence sent from
2 Mr. Patrick Bocash to me (*inter alia*), dated January 31, 2014.

3 5. Attached hereto as Exhibit C is a true and correct copy of excerpts of testimony from
4 the deposition of Kenneth Dieker, taken in this matter on March 19, 2014.

5 6. Attached hereto as Exhibit D is a true and correct copy of CTY207790, Exhibit G to
6 the *Direct Testimony Declaration Of Kenneth Dieker In Support Of Confirmation Of First Amended*
7 *Plan For The Adjustment Of Debts Of City Of Stockton, California (November 15, 2013)* [Docket
8 Nos. 1369-76 / Adv. Pro. Docket Nos. 64-71].

9 7. Attached hereto as Exhibit E is a true and correct copy of excerpts from the City's
10 Deposition Exhibit 3011, the Official Statement for the \$35,080,000.00 Stockton Public Financing
11 Authority Lease Revenue Bonds, 2009 Series A.

12 8. Attached hereto as Exhibit F is a true and correct copy of Franklin's Trial
13 Exhibit 2628 (CTY207822), titled "Standard & Poor's Credit Rating Presentation."

14 9. Attached hereto as Exhibit G is a true and correct copy of excerpts of testimony from
15 the rough transcript of the deposition of Raymond Smith, taken in this matter on April 17, 2014.

16 10. Attached hereto as Exhibit H is a true and correct copy of correspondence sent from
17 Mr. Pat Bocash to me (*inter alia*), dated April 24, 2014.

18 11. Attached hereto as Exhibit I is a true and correct copy of excerpts of testimony from
19 Volume I of the deposition of Van Toppenberg, taken in this matter on March 11, 2014.

20 12. Attached hereto as Exhibit J is a true and correct copy of excerpts of testimony from
21 Volume II of the deposition of Val Toppenberg, taken in this matter on March 20, 2014.

22 13. Attached hereto as Exhibit K is a true and correct copy of Franklin's Trial
23 Exhibit 2663 (CTY257991), a letter from K. Hopper to J. Luerbberke regarding an agreement for
24 professional appraisal services for City of Stockton, California.

25 14. Attached hereto as Exhibit L is a true and correct copy of Franklin's Trial
26 Exhibit 2530 (CTY258198), a letter from K. Ziegenmeyer to J. Luebberke and M. Levinson
27 regarding a Proposal and Contract for Appraisal Services for Oak Park and Swenson (park portion)
28 and Van Buskirk (park portion) Properties for City of Stockton, California.

16. Attached hereto as Exhibit N is a true and correct copy of correspondence sent from Mr. Patrick Bocash to me (*inter alia*), dated March 26, 2014.

By: /s/ Joshua D. Morse
Joshua D. Morse

EXHIBIT A

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1 MARC A. LEVINSON (STATE BAR NO. 57613)
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7 Attorneys for Debtor
City of Stockton
8

9 UNITED STATES BANKRUPTCY COURT
10 EASTERN DISTRICT OF CALIFORNIA
11 SACRAMENTO DIVISION
12

13 In re:
14 CITY OF STOCKTON, CALIFORNIA,
15 Debtor.
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Case No. 2012-32118

Chapter 9

**CITY OF STOCKTON,
CALIFORNIA'S DISCLOSURE
OF NON-RETAINED EXPERT
TESTIMONY PURSUANT TO
FEDERAL RULE OF CIVIL
PROCEDURE 26(a)(2)(C)**

Date: May 12, 2014
Time: 9:30 a.m.
Dept: 35
Judge: Hon. Christopher M. Klein

22 The City of Stockton, California (the "City") expects that a number of its current and
23 former employees and/or consultants will testify as fact witnesses at the Confirmation Hearing
24 and/or in the Adversary Proceeding. Several of the issues in dispute in these proceedings involve
25 the technical and specialized knowledge of, and work performed by, such individuals. As a
26 result, some of the testimony that may be elicited from these witnesses by the City may arguably
27 be opinion testimony based in part on specialized knowledge within the scope of Federal Rule of
28 Evidence 702.

1 Therefore, pursuant to Fed. R. Civ. P. 26(a)(2)(C), the City hereby makes its summary
2 disclosures of the testimony these witnesses may provide that may fall under Federal Rule of
3 Evidence 702, 703, or 705. This disclosure summarizes only the expected testimony of these
4 witnesses that may fall under Federal Rule of Evidence 702, 703, or 705; it does not summarize
5 other testimony that will be presented by these witnesses. Nor is the inclusion of any fact or
6 opinion in the summaries that follow an admission by the City that such testimony falls within the
7 scope of Federal Rule of Evidence 702. Rather, while the City does not concede that any of the
8 testimony summarized below constitutes expert testimony, it makes this disclosure in an
9 abundance of caution and with the intent of providing sufficient notice to any objecting party of
10 the possibility that the following witnesses may provide expert testimony.

11 1. Robert Leland
12 Senior Manager
13 Management Partners, Inc.
14 2107 North First Street, Suite 470
San Jose, CA 95131

15 Mr. Leland is a Senior Manager at the consulting firm of Management Partners. Mr.
16 Leland has 39 years of experience in state and local government finance. He has served as the
17 Director of Finance for the City of Fairfield, California, Assistant Finance Director for the City of
18 Sacramento, California, and as a staff consultant to the Assembly Revenue and Taxation
19 Committee. Since March of 2012, Mr. Leland has been a consultant to the City on the creation of
20 the City's budget model. Mr. Leland is also the principal author of the Long-Range Financial
21 Plan of the City of Stockton ("Long-Range Financial Plan"), which is Exhibit B to the Disclosure
22 Statement With Respect To First Amended Plan For The Adjustment Of Debts Of City Of
23 Stockton, California (November 15, 2013). Based on this past experience and on his experience
24 in his current assignment in Stockton, Mr. Leland may testify that the findings, projections,
25 assumptions, and underlying facts used to create the Long-Range Financial Plan, as supplemented
26 by new and updated financial data generated since the filing of the disclosure statement, represent
27 the City's best efforts to forecast its revenues, costs, and overall feasibility under the terms of its
28 plan of adjustment. Those findings, projections, assumptions, and facts are contained within the

1 Long-Range Financial Plan and updated financial data generated by the City on an ongoing basis.

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3 2. Kenneth Dieker
4 Principal
5 Del Rio Advisors, LLC
6 1325 Country Club Drive
7 Modesto, CA 95356

8 Mr. Dieker is the Principal of Del Rio Advisors, LLC, an independent Municipal Finance
9 Advisor that he founded in 1991. It advises municipal issuers on their bond issuances, including
10 providing analyses of market conditions, bond marketability, interest rates, and bond pricing and
11 structuring. Mr. Dieker has served as a financial advisor to the City since March of 2011, and
12 during that period has also served as the City's Interim Debt Manager. Mr. Dieker was also the
13 financial advisor for the City on the Stockton Public Financing Authority Lease Revenue Bonds,
14 2009 Series A (Capital Improvement Projects) issued on September 9, 2009 (the "2009
15 Agreement"). Based on his 23 years of experience in this field (as of 2009) and his involvement
16 as the City's Financial Advisor in the negotiation of the 2009 Agreement, Mr. Dieker may testify
17 regarding how the 2009 Agreement compared to the City's other existing bond issuances and to
18 bond transactions of other issuers being offered at the time. Specifically, Mr. Dieker will testify
19 that the 2009 Agreement represented a risky investment relative to market conditions at the time,
20 and that Franklin was compensated at a higher rate under the 2009 Agreement as a result of that
21 risk. Mr. Dieker's testimony will be based on the history of the City's bond issuances, its
22 negotiations with Franklin and others involving what became the 2009 Agreement, and the
23 market conditions under which the City and Franklin entered into the 2009 Agreement.

24 3. Val Toppenberg
25 City Manager's Office
26 City of Stockton, California
27 425 N. El Dorado Street
28 Stockton, California 95202

Mr. Toppenberg is currently the Economic Development Advisor for the City of Stockton,
a position he has held since March 2013, and in which capacity he has participated in the

1 preparation and review of technical and real estate-related documents for the City. Mr.
2 Toppenberg has 36 years of public agency experience in planning, redevelopment, and economic
3 development, including 25 years as the Director of Redevelopment and Economic Development
4 for the cities of Merced, California, and West Sacramento, California. Mr. Toppenberg also has
5 several years of experience advising clients on land use issues and development projects. Mr.
6 Toppenberg may testify that a lease on Oak Park, Swenson Golf Course, and Van Buskirk Golf
7 Course has virtually no value. Mr. Toppenberg's testimony on this issue will be based on his
8 professional experience in the property market, the historical performance of these properties, the
9 yearly subsidies paid by the City to cover operational deficits run by the courses, conversations
10 Mr. Toppenberg has had with appraisers who have stated that the golf courses have no value, and
11 past, current, and projected economic conditions in the City. Mr. Toppenberg may also testify
12 that the lease of 400 E. Main that the City will enter into as a part of its settlement with Assured
13 Guaranty is a below-market lease that will result in substantial savings for the City. Mr.
14 Toppenberg's testimony on this subject will be based on the terms of the new lease and the past,
15 current, and projected market for leased properties in the City, and on his professional experience
16 in real estate matters.

17 Dated: March 18, 2014

MARC A. LEVINSON
NORMAN C. HILE
PATRICK B. BOCASH
Orrick, Herrington & Sutcliffe LLP

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21 By: /s/ Marc A. Levinson
MARC A. LEVINSON
Attorneys for Debtor
City of Stockton
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EXHIBIT B



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Via email and U.S. mail

Patrick B. Bocash
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January 31, 2014

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San Francisco, CA 94104

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Michael L. Gearin
K&L Gates LLP
925 Fourth Avenue, Suite 2900
Seattle, WA 98104-1158

Re: *In re City of Stockton, California*, Case No. 2012-32118 (Bankr. E.D. Cal.)

Counsel:

Pursuant to Paragraphs 1 and 28 of the Order Governing The Disclosure And Use Of Discovery Information And Scheduling Dates, Etc. [Dkt. Nos. 1224 (Case), 16 (Proceeding)] ("Order"), as amended by the Order Modifying Order Governing The Disclosure And Use Of Discovery



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Information And Scheduling Dates, Etc. ("Modifying Order")¹, the City hereby provides all Parties with the following preliminary list of percipient witnesses that the City currently believes it may call to provide testimony at the Trial or the Hearing:

- Vanessa Burke (City of Stockton)
- Kenneth Dieker (Del Rio Advisors)
- Ann Goodrich (Public Law Group)
- Jennifer Johnston (Franklin)
- Chief Eric Jones (City of Stockton)
- Robert Leland (Management Partners)
- Laurie Montes (City of Stockton)
- Val Toppenberg (City of Stockton)
- John Wiley (Franklin)
- Kurt Wilson (City of Stockton)
- Susan Wren (City of Stockton)
- Teresia Zadroga-Haase (City of Stockton)

¹ The City understands from Judge Klein's courtroom deputy that Judge Klein signed the Modifying Order on January 30, 2014. The Modifying Order has not yet been docketed in either the Case or the Proceeding.



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Pursuant to Paragraphs 1 and 30 of the Order, as amended by the Modifying Order, the City also hereby identifies the following expert witnesses that it may call to present evidence in its case-in-chief:

- Vanessa Burke (City of Stockton) – This witness is expected to address the City’s finances and financial records and reports.
- Shakari Byerly (Fairbank, Maslin, Maullin, Metz & Associates) – This witness is expected to address the municipal ballot measures generally and Measure A in particular.
- Kenneth Dieker (Del Rio Advisors) – This witness is expected to address municipal debt financing.
- John Fairbank (Fairbank, Maslin, Maullin, Metz & Associates) – This witness is expected to address the municipal ballot measures generally and Measure A in particular.
- Robert Leland (Management Partners) – This witness is expected to address the City’s financial projections and long-range financial plan.
- David Metz (Fairbank, Maslin, Maullin, Metz & Associates) – This witness is expected to address the municipal ballot measures generally and Measure A in particular.²
- Kim Nicholl (Segal) – This witness is expected to address the City’s contractual arrangement with the California Public Employees’ Retirement System and alternatives to this arrangement.
- Kurt Wilson (City of Stockton) – This witness is expected to address the City’s operations and decision-making processes.

² The City does not expect to call each witness identified on this topic (Ms. Byerly, and Messrs. Fairbank and Metz), and will specifically identify the person who will testify at or before the time expert reports are due pursuant to the Order, as amended by the Modifying Order.



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- Val Toppenberg (City of Stockton) – This witness is expected to address the valuation of City properties.

Because Shakari Byerly, John Fairbank, David Metz, and Kim Nicholl may be retained especially to provide expert testimony, they will prepare written reports as required by Federal Rule of Civil Procedure 26(a)(2)(B) if they are so retained. All other identified experts are employees or consultants of the City who are not being retained especially to provide expert testimony. As such, they will provide expert testimony under Federal Rule of Civil Procedure 26(a)(2)(C) and will not prepare written reports. Witnesses that are employees or consultants of the City are being designated as experts merely out of an abundance of caution. These individuals will testify primarily as percipient witnesses, but may be called upon to give expert testimony pursuant to Federal Rule of Civil Procedure 26(a)(2)(C) and Federal Rules of Evidence 602, 703, or 705. The City is being over-inclusive in its designations to ensure that all Parties are so informed.

There is no explicit provision in the Order or the Modifying Order for identifying rebuttal expert witnesses prior to the submission of rebuttal expert witness reports. However, again in the spirit of full and early disclosure, the City designates the following potential rebuttal expert witnesses, subject to later amendment:

- Dave T. Bergerson (Segal) – This witness is expected to address the City's calculation of the Retiree Health Benefit Claims.
- Thomas Bergman (Segal) – This witness is expected to address the City's calculation of the Retiree Health Benefit Claims.
- Gita Raghavan (Segal) – This witness is expected to address the City's calculation of the Retiree Health Benefit Claims.³

³ The City does not expect to call each witness identified on this topic (Messrs. Bergerson and Bergman, and Ms. Raghavan), and will specifically identify the person who will testify at or before the time rebuttal expert reports are due pursuant to the Order, as amended by the Modifying Order.



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Messrs. Bergerson and Bergman and Ms. Raghavan are currently consultants of the City who are not being retained especially to provide expert testimony. As such, if they are called as rebuttal expert witnesses, they will provide expert testimony under Federal Rule of Civil Procedure 26(a)(2)(C) and will not prepare written reports.

The City reserves the right to modify its preliminary percipient witness list by adding or removing witnesses; the City will serve on each Party the City's final witness list on or before the date provided in the Order, as amended by the Modifying Order. The City also reserves its right to call percipient witnesses that Franklin or any other Party identifies on its preliminary and/or final witness list. The City reserves the right to modify its expert witness designation, including by adding or removing rebuttal expert witnesses, by adding to or amending the topics on which an expert witness will testify, or by calling any or all of the potential rebuttal expert witnesses designated above as expert witnesses to present evidence in the City's case-in-chief.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Patrick B. Bocash".

Patrick B. Bocash

EXHIBIT C

March 19, 2014

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1 it was still included as one of the leased assets.

2 Q. How about the principal amount of the proposed
3 February issue?

4 A. I think it was around 33 million, so a couple
5 million dollars less.

6 Q. Okay. How about the interest rate?

7 A. I believe they were about the same, 6.75 to
8 7 percent range of that sale.

9 Q. Okay. Did the City attempt to go to market
10 with the lease revenue bond issue between February and
11 September, 2009?

12 A. No.

13 Q. What role did RBC Capital Markets play in
14 connection with the 2009 LRBs?

15 A. The September sale, August/September sale,
16 they were the underwriter and their job was to place the
17 bonds with investors. I received a phone call from Bob
18 Williams, who is the investment banker at RBC, that he --
19 that Franklin Fund, your client, may have been interested
20 in purchasing the bonds at rates similar to the February
21 sale. So the transaction was revived at that point.

22 Prior to that, I think people had decided that
23 the bonds were never going to be sold. It was the heart
24 of the financial crisis and interest rates were all over
25 the place and Stockton's name had now been out there as a

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1 A. Yes. Somewhat.

2 Q. Okay. Let's focus on the materials you've
3 compiled for the time being. Walk me through. What does
4 the first page depict?

5 A. The first page are indices published by the
6 Bond Buyer along with U.S. Treasuries done weekly and
7 posted in the Bond Buyer. So the 20 Bond Index is a
8 20-year index of Aa3, Aa rated GO bonds. The 20 bond
9 Index is a 20-year Aa1, Aa-plus index, and the Revenue
10 Revdex, Revenue Bond Index is 30-year A1, A-plus index.

11 So what the Bond Buyer does is they go out and
12 pull together a grouping of bond issues and how they
13 trade in the second day market and create this index and
14 they publish it every week.

15 Q. Okay. And the closest comparable to the 2009
16 lease revenue bonds would be the Revdex column, is that
17 correct?

18 A. Yes. But you can't make that generalization,
19 because this is just to give you a general trend of
20 what's happened with interest rates. Because it is an
21 index.

22 Q. Okay. Tell me how this document informed your
23 opinion that the 2009 LRBs represented a risky investment
24 relative to market conditions at the time.

25 A. This particular page does not.

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1 Q. Okay. Does the second page inform your
2 opinion that the 2009 LRBs represented a risky investment
3 relative to market conditions at the time?

4 A. It does not.

5 Q. Okay. Does the third page inform your
6 opinion?

7 A. No.

8 Q. Okay. Third and fourth are --

9 A. But I would like to clarify that all of these
10 documents are discussing market conditions around the
11 time of the sale and used to educate my client.

12 Q. Understood. We're focusing now on your expert
13 opinion in the bankruptcy case. Does the fifth page,
14 which is the -- I'm starting at Bates stamp CTY250446 --
15 inform your opinion that the 2009 LRBs represented a
16 risky investment relative to marketing conditions at the
17 time?

18 A. No.

19 Q. All right. Looking at the seventh page, which
20 is CTY250448, does this page inform your opinion that the
21 2009 LRBs represented a risky investment relative to
22 market conditions?

23 A. No.

24 Q. Does the ninth page, starting at CTY250450,
25 inform your opinion?

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1 A. No.

2 Q. Does the tenth page, CTY250451, inform your
3 opinion that the 2009 LRBs represented a risky investment
4 relative to market conditions at the time?

5 A. No.

6 Q. Does the eleventh page, starting at CTY250452,
7 inform your opinion that the 2009 LRBs represented a
8 risky investment relative to market conditions at the
9 time?

10 A. Yes. It helps in that determination.

11 Q. Okay. Please explain how.

12 A. The deals listed negotiated week of August
13 17th of 2009 are deals that are expected to be priced
14 during the week of the sale of the 2009 lease revenue
15 bonds.

16 Q. Okay.

17 A. They may or may not. There's no determination
18 of which day during that week that those particular bonds
19 could come out. But if they do, they would be potential
20 comparables for the sale of the Stockton lease revenue
21 bonds.

22 For example, Truckee Public Financing
23 Authority. There's a lease revenue bond for 5 million
24 with a Aa-minus rating done by Piper Jaffray. That's a
25 competitor sale of a similar type deal in the marketplace

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1 at the same time as us. Sp we don't know if they'll come
2 before us, but during that week they are scheduled to
3 come.

4 Q. And can you tell from this document how the
5 Truckee lease revenue bonds would be priced?

6 A. No.

7 Q. So how does this document inform your opinion
8 that the 2009 Stockton lease revenue bonds represented a
9 risky investment relative to the market conditions at the
10 time?

11 A. Correct. It helps me track market conditions
12 at the time of the sale.

13 Q. Okay.

14 A. That allows me to track comparable sales in
15 the marketplace that would be coming the same week as the
16 sale of Stockton's bonds.

17 Q. I understand that.

18 Focus on the riskiness aspect of your opinion.
19 Is there anything in this document that indicates that
20 the Stockton Public Financing Authority lease revenue
21 bonds are risky relative to market conditions at the
22 time?

23 A. This documents helps in that determination.

24 Q. Please tell me how.

25 A. Because it allows me to track comparable sales

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1 during the week of the same sale as Stockton.

2 Q. How does tracking comparable sales during the
3 same week as Stockton inform your opinion that the
4 Stockton lease revenue bonds were risky relative to
5 market conditions at the time?

6 A. It depends on how those bonds priced during
7 that week.

8 Q. Thank you.

9 So there's nothing in this document that
10 informs your opinion?

11 A. No, okay. I understand.

12 Q. Looking at page CTY25453. Does this page
13 inform your opinion that the 2009 LRBs represented a
14 risky investment relative to market conditions at the
15 time?

16 A. Yes.

17 Q. Okay. Explain how.

18 A. These are -- on this page and 54, 55, and 56
19 are listing the Stockton Public Financing Authority sale
20 of lease revenue bonds from the date of the sale,
21 August 19th, compared to other comparable sales done in
22 the marketplace around the same time as the Stockton
23 bonds.

24 And in order to make that comparison, I'm
25 looking at the actual spread on interests rates and I'm

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1 also looking at the S & P spread in interest rates.

2 And the AAA S & P is a daily yield scale
3 published by the Bond Buyer. And so I used that AAA
4 scale, compare that to the S & P spread to see how those
5 bonds priced against the scale and how Stockton's bonds
6 priced against the scale.

7 Q. Okay. Let's look at the first sale that
8 you've listed as a comparable.

9 A. Mm-hmm.

10 Q. San Francisco Redevelopment Financing
11 Authority Tax Allocation Revenue Bonds 2009 Series D.

12 A. Correct.

13 Q. Are those bonds secured?

14 A. By tax allocation revenues.

15 Q. Are they general fund obligations?

16 A. They are not.

17 Q. Okay. What can you draw from the data with
18 respect to the San Francisco Redevelopment Agency tax
19 allocation revenue bonds that would lead you to believe
20 that the Stockton lease revenue bonds were risky
21 investment relative to market conditions at the time?

22 A. Because the spread generated by the Stockton
23 sale is considerably higher than the spreads generated by
24 a lower rated Bbb rated tax allocation bond at the same
25 time.

March 19, 2014

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1 Q. Okay. And because the spread of the 2009 LRBs
2 is greater?

3 A. Is greater.

4 Q. Greater.

5 A. Yes.

6 Q. You draw the conclusion that what?

7 A. That the interest rates are higher relative to
8 the -- to the spread relative to the spread of the San
9 Francisco Redevelopment Financing Agency bonds sold at
10 the same time with a lower rating.

11 Q. And might the difference in spread have
12 something to do with the security for the bonds?

13 A. Possibly.

14 Q. Okay. Because the tax allocation revenue
15 bonds are secured by tax allocations?

16 A. Tax increment.

17 Q. Tax increments.

18 Let's look at the next one. Lancaster
19 Redevelopment Agency Tax Allocation Revenue Bonds Series
20 2009.

21 I'm sorry. Let me move back to the San
22 Francisco Redevelopment Agency Financing Authority. Did
23 that transaction close?

24 A. I do not know.

25 Q. Okay. Moving over to Lancaster Redevelopment

March 19, 2014

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1 Agency tax allocation revenue bonds. Are these secured
2 bonds?

3 A. By tax increment revenues.

4 Q. So they are not general fund obligations?

5 A. I don't believe so, no.

6 Q. Okay. And what conclusion do you draw from
7 looking at Lancaster Redevelopment Agency that would lead
8 you to conclude that the Stockton lease revenue bonds
9 were a risky investment relative to market conditions at
10 the time?

11 A. Again, the same as San Francisco. The spreads
12 are considerably higher than the Stockton spreads --
13 Stockton spreads are considerably higher than the spreads
14 on the Lancaster deal, even with the same rating.

15 Q. And those -- the difference in spreads might
16 have something to do with the security for the bonds,
17 correct?

18 A. Could.

19 Q. Do you know whether the Lancaster
20 Redevelopment Agency bonds closed?

21 A. I do not.

22 Q. Okay. If you turn the page, the next one you
23 have is a San Francisco Redevelopment Financing Authority
24 Tax Allocation Revenue Bond 2009 Series B for San
25 Francisco Redevelopment Project.

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1 Same question, these are secured by tax
2 increments?

3 A. Correct.

4 Q. Okay. They are not general fund obligations?

5 A. Not that I -- not to my knowledge.

6 Q. And you draw the conclusion that the Stockton
7 lease revenue bonds are a risky investment relative to
8 market conditions at the time because they have a greater
9 spread from the S & P than do the San Francisco
10 Redevelopment Agency bonds?

11 A. Correct.

12 Q. Okay. And do you know whether the San
13 Francisco Redevelopment Financing Authority bonds
14 transaction closed?

15 A. I do not.

16 Q. Okay. And some of the difference in the
17 spreads may be attributable to the security associated
18 with the San Francisco Redevelopment Financing Authority
19 bonds?

20 A. It's possible.

21 Q. Next one, Coalinga Redevelopment Agency Tax
22 Allocation Bonds Series 2009-A.

23 Are those bonds secured by the tax increment?

24 A. That is correct.

25 Q. Not a general fund obligation?

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1 A. Not that I'm aware.

2 Q. All right. These appear to have significantly
3 shorter duration. Am I reading that correctly?

4 A. You are correct.

5 Q. And what is the conclusion you draw from
6 looking at the Coalinga Redevelopment Agency bonds in
7 reference to the Stockton lease revenue bonds?

8 A. The same conclusion as the others, that the
9 spread on the Stockton bonds are higher than the spread
10 on the Coalinga bonds in comparable maturities.

11 Q. And might that difference in spread be
12 attributable to the different securities associated with
13 the bonds?

14 A. It could be.

15 Q. And might it be attributable to the different
16 maturity of the bonds?

17 A. Could be.

18 No, actually not, because I'm making a
19 maturity-by-maturity comparison, so I'm doing it across
20 every single year. So the duration of it doesn't matter.
21 I'm doing an individual maturity-by-maturity analysis of
22 that.

23 Q. So if you have a longer maturity bond and a
24 shorter maturity bond, if you're looking simply to a
25 particular yield to maturity for the longer duration

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1 bond, the actual maturity date doesn't have a difference
2 -- doesn't have an impact?

3 A. No, I'm simply comparing across -- how that
4 deal compared to the S & P scale on that year versus how
5 Stockton compared in that same year.

6 Q. Looking the at the next page, we have, Paso
7 Robles Redevelopment Agency Tax Allocation Refunding
8 Bonds.

9 These are secured by tax increment?

10 A. Yes.

11 Q. Not a general fund obligation?

12 A. Not to my knowledge.

13 Q. Okay. These are higher rated than the
14 Stockton lease revenue bonds?

15 A. Correct.

16 Q. Okay. And I take it that you draw the
17 conclusion that the 2009 Stockton lease revenue bonds are
18 a risky investment relative to market conditions at the
19 time due to the difference in spreads listed here?

20 A. Less so on this one.

21 Q. Why?

22 A. Because it's a higher rated transaction.

23 Q. Okay. And that difference in spreads might be
24 attributable to the higher rating?

25 A. Could be.

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1 Q. And it might be attributable to the different
2 security?

3 A. Yes.

4 Q. With respect to Hollister Redevelopment Agency
5 Tax Allocation Bonds, these two are tax increment
6 security?

7 A. Yes.

8 Q. Not a general fund obligation?

9 A. Don't believe so.

10 Q. Okay.

11 A. And the reason I say that on all these tax
12 allocation bonds, I did not work on the bonds, so I don't
13 know what the underlying -- other than tax allocation,
14 whether there is a general fund backstop, most likely
15 not.

16 Q. Would the title of bond indicate that?

17 A. No, not necessarily.

18 Q. Okay. But you don't know, as you sit here
19 today?

20 A. I do not.

21 Q. And you draw the same conclusion with respect
22 to the data for Hollister Redevelopment Agency as
23 compared to the Stockton lease revenue bonds?

24 A. I do. It's a comparable rated credit as far
25 as the rating.

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1 Q. Do you know whether the Hollister
2 Redevelopment Agency bonds closed?

3 A. I do not.

4 Q. Going back to the Paso Robles bonds, do you
5 know whether those closed?

6 A. I do not.

7 Q. And on the previous page, do you know whether
8 the Coalinga Redevelopment Agency bonds sale closed?

9 A. I do not.

10 Q. Or the San Francisco Redevelopment Financing
11 Authority bonds?

12 A. I do not.

13 Q. Turning to the last page, we have Oakland
14 General Obligation Bonds Series 2009 B Measure DD. These
15 would appear to be not secured, correct?

16 A. These would be not secured by -- I don't
17 believe so.

18 By the general fund of the City, these would
19 be on the property tax bill, like a general obligation
20 bond for a school district.

21 Q. Okay. And these are higher rated than the
22 Stockton 2009 lease revenue bonds, right?

23 A. They are.

24 Q. So what conclusion do you draw comparing the
25 Oakland general obligation bonds to the Stockton lease

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1 revenue bonds?

2 A. This is not a great comp.

3 Q. Okay. So the Oakland bond issue does not
4 inform your opinion that the 2009 lease revenue bonds are
5 a risky investment relative to market conditions at the
6 time?

7 A. I would expect this bond to be lower yielding,
8 have narrower spreads.

9 Q. And it does, in fact, have --

10 A. That is correct.

11 Q. -- narrower spreads?

12 All right. So other than the materials that
13 we just went through, what else do you base your opinion
14 that the 2009 lease revenue bonds represented a risky
15 investment relative to market conditions at the time and
16 that Franklin was compensated at a higher rate under the
17 2009 agreement as a result of that risk on?

18 A. Just the hearsay from the underwriter and the
19 marketing of the bonds.

20 Other than that, this is the primary document
21 that I have because -- that we prepared at the time of
22 sale and to educate my client.

23 Q. And what -- what hearsay from the underwriter
24 did you receive?

25 A. Just, as I mentioned earlier in my testimony,

EXHIBIT D

Bond Buyer and Treasury Yields (One Year)

Date	20-Bond	11-Bond	Revdex	10-Yr Treas.	30-Yr Treas.
8/28/08	4.68	4.58	5.17	3.77	4.37
9/4/08	4.62	4.52	5.15	3.63	4.27
9/11/08	4.54	4.45	5.09	3.62	4.21
9/18/08	5.03	4.94	5.44	3.53	4.16
9/25/08	5.23	5.14	5.56	3.87	4.40
10/2/08	5.36	5.26	5.69	3.64	4.15
10/9/08	5.47	5.37	5.97	3.80	4.11
10/16/08	6.01	5.89	6.48	3.95	4.24
10/23/08	5.32	5.21	6.06	3.60	3.99
10/30/08	5.35	5.24	6.09	3.94	4.29
11/6/08	5.24	5.13	6.02	3.68	4.18
11/13/08	5.14	5.03	5.98	3.86	4.34
11/20/08	5.13	5.03	5.98	3.11	3.65
11/25/08	5.39	5.21	6.06	3.09	3.62
12/4/08	5.58	5.39	6.17	2.54	3.06
12/11/08	5.85	5.65	6.39	2.62	3.06
12/18/08	5.46	5.25	6.22	2.05	2.53
12/23/08	5.33	5.10	6.07	2.15	2.62
12/31/08	5.24	5.01	6.00	2.22	2.68
1/8/09	5.02	4.80	5.90	2.44	3.03
1/15/09	4.80	4.59	5.72	2.20	2.86
1/22/09	5.13	4.90	5.82	2.58	3.25
1/29/09	5.16	4.94	5.89	2.83	3.57
2/5/09	4.96	4.74	5.74	2.90	3.63
2/12/09	4.89	4.66	5.67	2.75	3.49
2/19/09	4.89	4.67	5.70	2.86	3.68
2/26/09	4.87	4.65	5.76	2.99	3.66
3/5/09	4.96	4.74	5.80	2.82	3.51
3/12/09	5.03	4.80	5.83	2.88	3.63
3/19/09	4.98	4.75	5.81	2.60	3.62
3/26/09	5.00	4.75	5.78	2.75	3.66
4/2/09	4.92	4.68	5.75	2.75	3.57
4/8/09	4.92	4.68	5.74	2.85	3.67
4/16/09	4.78	4.53	5.63	2.84	3.71
4/23/09	4.57	4.32	5.49	2.93	3.80
4/30/09	4.70	4.45	5.57	3.13	4.05
5/7/09	4.62	4.37	5.57	3.30	4.26
5/14/09	4.54	4.29	5.46	3.11	4.07
5/21/09	4.44	4.18	5.42	3.36	4.31
5/28/09	4.61	4.35	5.53	3.66	4.53
6/4/09	4.71	4.45	5.63	3.71	4.58
6/11/09	4.86	4.60	5.76	3.87	4.70
6/18/09	4.86	4.60	5.78	3.85	4.63
6/25/09	4.79	4.53	5.77	3.54	4.33
7/1/09	4.81	4.53	5.76	3.54	4.34
7/9/09	4.71	4.43	5.70	3.41	4.31
7/16/09	4.68	4.39	5.66	3.57	4.45
7/23/09	4.69	4.40	5.67	3.69	4.58
7/30/09	4.69	4.41	5.66	3.64	4.44
8/6/08	4.65	4.38	5.68	3.76	4.53
8/13/09	4.65	4.38	5.66	3.60	4.42
8/20/09	4.58	4.31	5.62	3.43	4.23

20 Years
Aa3, AA

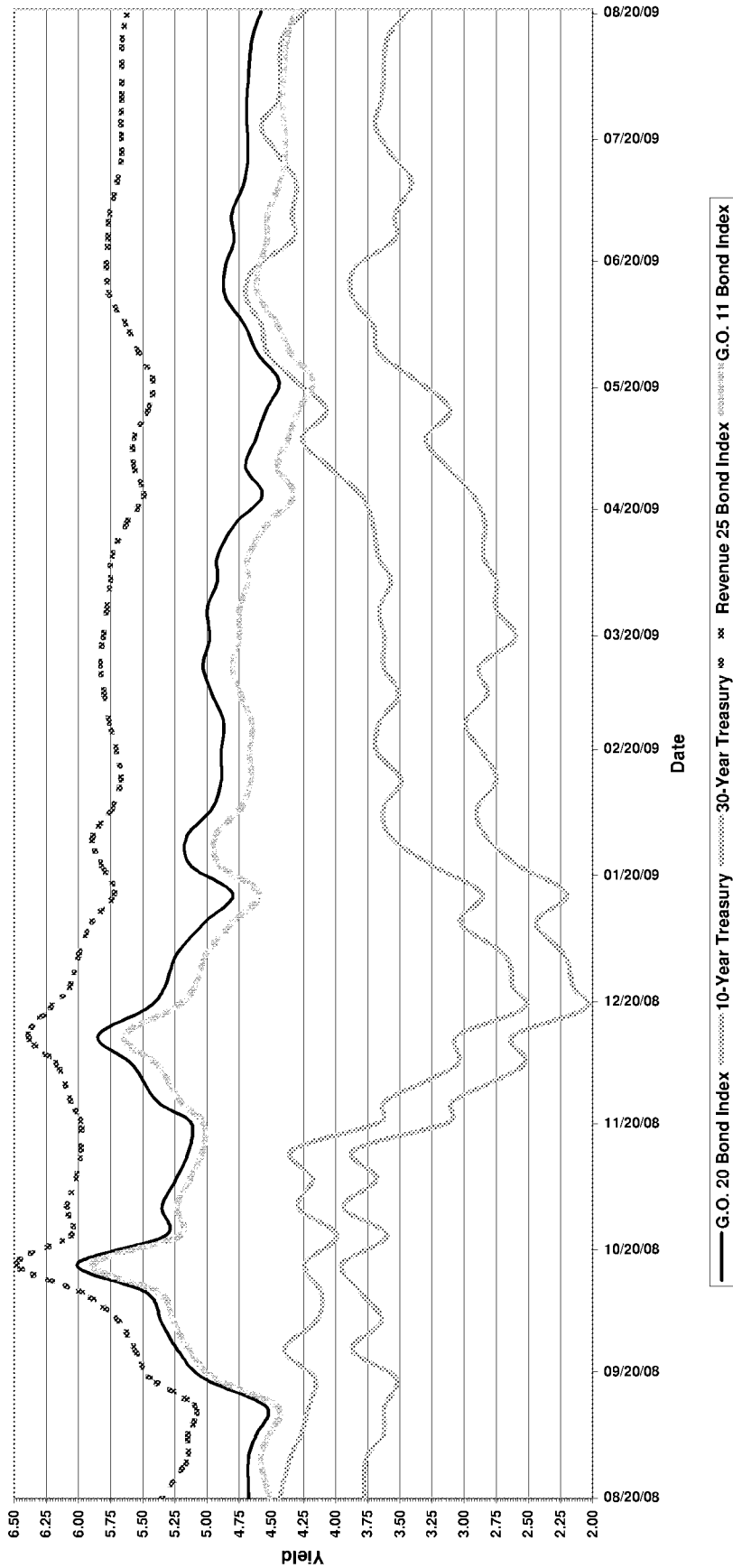
20 Years
Aa1, AA+

30 Years
A1, A+

Prepared by Del Rio Advisors, LLC

CTY207779

Bond Buyer and U.S. Treasury Yields (One Year)



Notes:

G.O. 20 Bond Index (20 Years, Aa3, AA)
 G.O. 11 Bond Index (20 Years, Aa1, AA+)
 Revenue 25 Bond Index (30 Years, A1, A+)

THE BOND BUYER

THE DAILY NEWSPAPER OF PUBLIC FINANCE

Calif. Market Close: Tax-Exempts Finish Flat; JPMorgan Loans Calif. \$1.5B

Bond Buyer | Tuesday, August 18, 2009

By Michael Scarchilli

NEW YORK - The California municipal market was mostly unchanged today, while JPMorgan and California Treasurer Bill Lockyer confirmed that the firm will lend California \$1.5 billion via a private placement that will allow the state to pay off IOUs issued during a budget stalemate and cash flow crisis this summer.

However, neither side would release the precise terms of the loan. The \$1.5 billion loan - technically a private placement of interim revenue anticipation notes - will be repaid when the state goes to market with a \$10.5 billion RAN sale in mid-September. JPMorgan offered California a bridge loan of as much as \$4 billion.

In the secondary market, traders said tax-exempt yields were flat to slightly lower, in largely quiet trading, as all eyes were fixed on the new-issue market.

"People are just sort of focused on the new issues right now," a trader in Los Angeles said. "Not a whole lot going on in the secondary, but people are involved in the new issues. Overall though, we're maybe a tick better, if anything."

The Treasury market showed some losses today. The yield on the benchmark 10-year Treasury note, which opened at 3.47%, was quoted recently at 3.52%. The yield on the two-year note was quoted recently at 1.04%, after opening at 1.01%. And the yield on the 30-year bond, which opened at 4.32%, was quoted recently at 4.36%.

As of yesterday's close, the triple-A muni scale in 10 years was at 85.1% comparable Treasuries, according to Municipal Market Data. Additionally, 30-year munis were 105.3% of comparable Treasuries. Also, as of the close yesterday, 30-year tax-exempt AAA-rated general obligation bonds were at 109.9% of the comparable London Interbank Offered Rate.

In economic data released today, housing starts came in at 581,000 in July, after a revised 587,000 the previous month. Economists polled by Thomson Reuters had predicted 600,000 housing starts.

Building permits came in at 560,000 in July, after a revised 570,000 the previous month. Economists polled by Thomson Reuters had predicted 580,000 building permits.

The producer price index fell 0.9% in July, after a 1.8% increase the previous month. Economists polled by Thomson Reuters had predicted a 0.3% decline.

The core PPI dropped 0.1% in July, after a 0.5% increase the previous month. Economists polled by Thomson Reuters had predicted a 0.1% rise.

Previous Session's Activity

The Municipal Securities Rulemaking Board reported California 5s of 2037 as yesterday's most active. The bonds traded 36 times at a high of 96.278 and a low of 92.850.

Maximize Your Compliance Tools
Build America Bond Disclosure Services
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Bond Services
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THE BOND BUYER

THE DAILY NEWSPAPER OF PUBLIC FINANCE

Calif. Market Close: Tax-Exempts Finish Flat; Univ. of Calif. Prices \$1B of BABs

Bond Buyer | Wednesday, August 19, 2009

By Michael Scarchilli

NEW YORK - The California municipal market was largely unchanged today, with a firmer tone, in light secondary market trading, as the University of California came to market with just over \$1 billion of Build America Bonds

"There might be a bit of a firmer tone out there," a trader in Los Angeles said. "You might even say we're better a basis point or two in spots. But most of the attention is focused on the issues, all the BABs. There isn't much happening in the secondary."

In the new-issue market today, Barclays Capital priced \$1.3 billion of bonds, including just over \$1 billion of Build America Bonds, for the University of California. The bonds mature in 2031 and 2043, and are priced at par to yield 6.20%, or 4.03% after the 35% federal subsidy, and 5.70%, or 3.71% after the subsidy. The bonds were priced to yield 195 and 145 basis points over the comparable U.S. Treasury yield. The 2031 bonds are callable at par in 2019, with a make-whole call prior to 2019 at Treasuries plus 37.5 basis points. The 2043 bonds contain a make-whole call at Treasuries plus 25 basis points.

Barclays also priced \$300 million of general revenue tax-exempt bonds for the university. The tax-exempt debt matures from 2012 through 2029, with term bonds in 2034 and 2040. Yields range from 1.22% with a 4% coupon in 2012 to 5.02% with a 5% coupon in 2040. The bonds, which are callable at 101 in 2017, declining to par in 2018, are rated Aa1 by Moody's Investors Service and AA by Standard & Poor's.

The Treasury market showed some gains today. The yield on the benchmark 10-year Treasury note, which opened at 3.51%, was quoted recently at 3.47%. The yield on the two-year note was quoted recently at 1.01%, after opening at 1.02%. And the yield on the 30-year bond, which opened at 4.35%, was quoted recently at 4.30%.

As of yesterday's close, the triple-A muni scale in 10 years was at 83.9% comparable Treasuries, according to Municipal Market Data. Additionally, 30-year munis were 104.3% of comparable Treasuries. Also, as of the close yesterday, 30-year tax-exempt AAA-rated general obligation bonds were at 108.3% of the comparable London Interbank Offered Rate.

The economic calendar was light today.

Previous Session's Activity

The Municipal Securities Rulemaking Board reported California 5s of 2037 as yesterday's most active. The bonds traded 39 times at a high of 96.278 and a low of 92.735.

Maximize Your Compliance Tools

- Build America Bond Disclosure Services
- Qualified School Construction Bond Services
- 8038-CP Tax Preparer / Payment Processing
- IRS Record Retention Services
- Private Business Use Monit

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Bloomberg.com

Treasuries Rise as Stock Decline Fuels Demand for Safe Assets

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By Cordell Eddings and Bo Nielsen

Aug. 19 (Bloomberg) -- Treasuries rose, pushing 10-year yields to a five-week low, as global stocks fell and the Federal Reserve prepared to buy U.S. debt for a second time this week.

Ten-year notes rose as China benchmark stock index slid into a so-called bear market and futures on the Standard & Poor's 500 Index dropped. The Fed will purchase Treasuries due from February 2020 to February 2026 today, part of its plan to cap consumer borrowing costs. Goldman Sachs Group Inc. said demand for Treasuries will be "enough" to cover supply.

"Risk aversion is returning to the broader market," said William O'Donnell, U.S. government bond strategist RBS Securities Inc. in Stamford, Connecticut, on of the 18 primary dealers required to bid at government debt auctions. "Market watchers are looking at China, to be the global engine of growth, but they are struggling. The yield curve should flatten from here, led by the long end."

The yield on the 10-year note declined nine basis points, or 0.09 percentage point, to 3.42 percent at 8:30 a.m. in New York, according to BGCantor Market Data, the lowest since July 14. The 3.625 percent security maturing August 2019 rose 25/32, or \$7.81 per \$1,000 face amount, to 101 3/4.

The MSCI Asia Pacific Index of stocks dropped 0.6 percent, helping drive the MSCI World Index down 0.5 percent, the third decline in four trading days. S&P 500 Index futures fell 0.8 percent.

'Demand Dynamics'

The difference between 2- and 10-year securities, the so-called yield curve, declined 0.03 percentage point to 2.45 percentage points, the lowest level in over two weeks.

Government securities will be supported by private buyers looking to increase the duration of their assets, Goldman Sachs analyst Michael Vaknin wrote in a note today. Duration is a measure of bond price sensitivity to interest-rate change.

Foreign buyers including Japanese investors looking for extra yield and domestic buyers adding more treasuries as they increase savings will also help boost demand, Vaknin wrote.

"The demand dynamics will remain strong enough to accommodate the upcoming supply pipeline," Vaknin wrote.

The difference between rates on 10-year notes and Treasury Inflation Protected Securities, which reflects the outlook among traders for consumer prices, was little changed at 1.76 percentage points, compared with this month's high of 2.05 percentage points on Aug. 10.

Government securities returned 0.2 percent so far in August, according to Merrill Lynch & Co.'s U.S. Treasury Master index. Corporate bonds gained 0.9 percent, the Merrill data show.

Corporate Bonds

Merrill's index of U.S. corporate bonds yielded 3.89 percentage points more than Treasuries as of yesterday, widening from 3.74 percentage points a week earlier. The gap stood at 8.96 percentage points in December.

The Fed's purchase today will add to the \$259.777 billion of U.S. debt acquired since the purchases began on March 25. The central bank signaled last week the \$300 billion program will end in October.

Yields indicate the central bank is bringing borrowing costs down.

U.S. 30-year fixed mortgage rates declined to 5.31 percent yesterday from this year's high of 5.74 percent in June. They were as low as 4.85 percent in April, according to Bankrate.com in North Palm Beach, Florida.

The difference between what banks and the Treasury pay to borrow money for three months, the so-called TED spread, was at 0.25 percentage point, the least since March 2007.

Dollar Decline

After accounting for a decline in the dollar this year, Treasuries handed European investors a loss of 5.3 percent, the Merrill Lynch indexes show.

Pacific Investment Management Co., which runs the world's biggest bond fund, said the U.S. currency will weaken further as the U.S. pumps "massive" amounts of money into the world's biggest economy.

The dollar will drop the most against emerging-market counterparts, Curtis A. Mewbourne, a Pimco portfolio manager, wrote in a report on the company's Web site. The greenback is losing its status as the world's reserve currency, he said.

"Investors should consider whether it makes sense to take advantage of any periods of U.S. dollar strength to diversify their currency exposure," Mewbourne wrote in his August Emerging Markets Watch report.

'Monetary Medicine'

The Dollar Index, which tracks the greenback against a basket of currencies, has fallen 11 percent from this year's high in March.

The U.S. must address the massive amounts of "monetary medicine" that have been pumped into the financial system and now pose threats to the world's largest economy and its currency, billionaire Warren Buffett said.

The "gusher of Federal money" has rescued the financial system and the U.S. economy is now on a slow path to recovery, Buffett wrote in a New York Times commentary yesterday. While he applauds measures adopted by the Federal Reserve and officials from the Bush and Obama administrations, Buffett says the U.S. is fiscally in "uncharted territory."

U.S. authorities have pledged \$12.8 trillion to combat the nation's worst economic recession in 50 years.

To contact the reporters on this story: Cordell Eddings in New York at ceddings@bloomberg.net; Bo Nielsen in Copenhagen at bnielsen4@bloomberg.net.

Last Updated: August 19, 2009 08:33 EDT



Case 12-32118 Filed 04/25/14 Doc 1432

U.S. Treasuries

	COUPON	MATURITY DATE	CURRENT PRICE/YIELD	PRICE/YIELD CHANGE	TIME
3-MONTH	0.000	11/19/2009	0.17 / .17	-0.007 / -.007	09:05
6-MONTH	0.000	02/18/2010	0.25 / .25	-0.001 / -.010	09:23
12-MONTH	0.000	07/29/2010	0.38 / .39	-0.016 / -.016	09:15
2-YEAR	1.000	07/31/2011	100-01½ / .98	0-03 / -.049	09:07
3-YEAR	1.750	08/15/2012	100-24 / 1.49	0-07 / -.075	09:19
5-YEAR	2.625	07/31/2014	101-06 / 2.37	0-13 / -.087	09:21
7-YEAR	3.250	07/31/2016	101-13½ / 3.02	0-18+ / -.093	09:23
10-YEAR	3.625	08/15/2019	101-24½ / 3.42	0-24+ / -.091	09:22
30-YEAR	4.500	08/15/2039	103-26+ / 4.28	1-10 / -.077	09:23

Stockton Public Financing Authority, California Lease Revenue Bonds 2009 Series A (Capital Improvement Projects) Costs of Issuance

Par Amount of Bonds	35,080,000	Final
----------------------------	-------------------	-------

Total	Total	Notes
Bond Counsel	68,810.00	OK
Bond Counsel Expenses	2,500.00	OK
Disclosure Counsel	41,286.00	OK
Disclosure Counsel Expenses	500.00	OK
City Administration Fee	87,700.00	OK
Financial Advisor	66,000.00	OK
Rating Fee (S&P)	38,700.00	OK
Title Insurance	26,835.00	OK
Trustee / Paying Agent / Escrow Agent	3,800.00	OK
Printing	12,500.00	OK
Rounding Adjustment	3,328.70	OK
Total	351,959.70	

Bond Counsel	Fee	Percentage
\$10MM (Plus Fixed Fee of \$20,000)	45,000.00	0.250%
\$10MM	10,000.00	0.100%
\$10MM	10,000.00	0.100%
Balance	3,810.00	0.075%
Total	68,810.00	

Disclosure Counsel	Fee	Percentage
Percentage of Bond Counsel Fee	41,286.00	60.00%

City Administration	Fee	Percentage
Percentage of Par Amount of Bonds	87,700.00	0.25%

Trustee	
Acceptance Fee	1,500.00
One Year Fee in Advance	2,000.00
Legal Opinion	300.00
Total	3,800.00

**California
Forward Calendar**

Negotiated (Week Of 8/17/09)

Issuer	Type	Amount	Insurer	Moody's	S&P	Fitch	UW	Status / Notes
Malibu	Certificates of Participation	19,515			AA+		Stone & Youngberg	
San Francisco Redevelopment Financing Authority	Tax Allocation	26,305			A-		EJ De La Rosa	
San Francisco Redevelopment Financing Authority	Tax Allocation	44,500			BBB		EJ De La Rosa	
San Luis Obispo County	Refunding Pension (Taxable)	42,530			AA-	AA-	Barclays	
Stockton Public Financing Authority	Lease Revenue	35,040			A		RBC Capital	
South Bayside Waste Management Authority	Solid Waste	53,500		A3	A-	A-	Banc of America	
Truckee Public Financing Authority	Lease Revenue	5,000		Aa1	AA-		Piper Jaffray	
UC Regents	Revenue	325,000		Aa1	AA		Barclays	
UC Regents	Revenue (Taxable)	1,045,000		Aa1	AA		Barclays	

Competitive (Tuesday 8/18/09)

Issuer	Type	Amount	Insurer	Moody's	S&P	Fitch	UW	Status / Notes
Indian Wells Valley Water District	Water Revenue	20,000			A+	A+		

Competitive (Thursday 8/20/09)

Issuer	Type	Amount	Insurer	Moody's	S&P	Fitch	UW	Status / Notes
Folsom	Refunding General Obligation	12,000			AA			

Economic Data (Week Of 8/17/09)

Data / Index	Period	Date	Prior	Consensus	Actual
Empire State Manufacturing Survey	August	M, 8/17/09	(0.55)	5.00	12.08
Treasury International Capital	June	M, 8/17/09	-19.8 B	-19.4 B	90.7 B
Housing Market Index	August	M, 8/17/09	17.00		18.00
ICSC-Goldman Chan Store Sales	Week Ending 8/15/09	T, 8/18/09	0.40%	.605 M	-0.60%
Housing Starts	July	T, 8/18/09	.582 M		.581 M
Housing Permits	July	T, 8/18/09	.563 M		.560 M
Producer Price Index	July	T, 8/18/09	1.80%	-0.30%	-0.90%
Producer Price Index (Ex. Food and Energy)	July	T, 8/18/09	0.50%	0.10%	-0.10%
Redbook Retail Sales	Week Ending 8/15/09	T, 8/18/09	-4.20%		-4.50%
MBA Purchase Applications	Week Ending 8/15/09	W, 8/19/09	2.5 M		3.90%
EIA Petroleum Status Report	Week Ending 8/15/09	W, 8/19/09	558 K	550 K	-8.4 M
Initial Jobless Claims	Week Ending 8/15/09	TH, 8/20/09	0.70%	0.70%	
Leading Economic Indicators	August	TH, 8/20/09	(7.50)	(1.00)	
Philadelphia Fed Survey	Week Ending 8/15/09	TH, 8/20/09			
EIA Natural Gas Report	Week of 8/17/09	TH, 8/20/09			
Fed Balance Sheet	Week Ending 8/7/09	TH, 8/20/09			
Money Supply	July	F, 8/21/2009	4.89 M	5.00 M	
Existing Home Sales					

Stockton Public Financing Authority
Lease Revenue Bonds, 2009 Series A
(Capital Improvement Projects)
Comparable Sales (Page One)

Stockton Public Financing Authority
Lease Revenue Bonds, 2009 Series A
(Capital Improvement Projects)

Amount 35,080 (1)
Sale Type Negotiated
Underwriter RBC Capital
Sale Date 08/19/09
Optional Call 9/1/19 @ 100%
Insurance N/A
Rating S&P A
Special Notes

San Francisco Redevelopment Financing Authority
Tax Allocation Revenue Bonds
2009 Series D
(Mission Bay North Redevelopment Project)

Amount 49,810
Sale Type Negotiated
Underwriter EJ De La Rosa
Sale Date 08/20/09
Optional Call 8/1/19 @ 100%
Insurance N/A
Rating S&P BBB

Lancaster Redevelopment Agency
Tax Allocation Revenue Bonds
Series 2009

Amount 37,500
Sale Type Negotiated
Underwriter Wedbush Morgan
Sale Date 08/17/09
Optional Call 8/1/19 @ 100%
Insurance N/A
Rating S&P A

Year	Coupon	Yield To Call (2)	Yield To Maturity	AAA S&P	S&P Spread	Coupon	Yield To Call (2)	Yield To Maturity	AAA S&P	S&P Spread	Coupon	Yield To Call (2)	Yield To Maturity	AAA S&P	S&P Spread	Actual Spread
2010	-	-	-	0.600	-	4.000	2.050	3.010	0.600	-	4.000	-	2.910	0.600	-	-
2011	-	-	-	1.030	-	4.000	-	3.440	1.030	-	4.000	-	3.420	1.030	-	-
2012	-	-	-	1.340	-	4.000	-	3.860	1.340	-	4.000	-	3.940	1.340	-	-
2013	6.750	-	7.000	1.690	5.310	4.500	-	4.330	1.690	2.170	4.500	-	4.330	1.690	2.250	3.060
2014	6.750	-	7.000	2.140	4.860	5.000	-	4.590	2.140	2.190	4.500	-	4.600	2.140	2.190	2.670
2015	6.750	-	7.000	2.450	4.550	5.000	-	4.860	2.450	2.140	4.500	-	4.870	2.450	2.150	2.400
2016	6.750	-	7.000	2.760	4.240	5.250	-	5.130	2.760	2.100	5.000	-	5.140	2.760	2.110	2.130
2017	6.750	-	7.000	3.020	3.980	5.000	-	5.350	3.020	2.110	5.000	-	5.370	3.020	2.120	1.860
2018	6.750	-	7.000	3.260	3.740	5.250	-	5.490	3.260	2.090	5.250	-	5.560	3.260	2.110	1.630
2019	6.750	-	7.000	3.420	3.580	5.500	-	5.618	3.420	2.070	5.500	-	5.710	3.420	2.140	1.440
2020	6.750	-	7.000	3.560	3.440	6.000	5.590	5.749	3.560	2.058	5.500	-	5.800	3.560	2.150	1.290
2021	6.750	-	7.000	3.720	3.280	6.250	5.680	5.859	3.720	2.029	5.750	-	5.800	3.720	2.080	1.200
2022	6.750	-	7.000	3.860	3.140	6.250	5.780	5.949	3.860	1.999	6.000	-	6.180	3.860	2.320	0.820
2023	6.750	-	7.000	3.920	3.080	6.250	5.870	5.977	3.920	2.029	6.000	-	6.180	3.920	2.260	0.820
2024	6.750	-	7.000	4.000	3.000	6.000	5.970	6.070	4.000	1.877	6.000	-	6.540	4.100	2.440	0.460
2025	6.750	-	7.000	4.100	2.900	6.000	-	6.170	4.100	1.970	6.000	-	6.540	4.200	2.340	0.460
2026	6.750	-	7.000	4.200	2.800	6.125	-	6.250	4.200	1.970	6.125	-	6.540	4.300	2.240	0.460
2027	6.750	-	7.000	4.300	2.700	6.250	-	6.350	4.300	1.960	6.250	-	6.540	4.400	2.080	0.460
2028	6.750	-	7.000	4.460	2.540	6.250	-	6.440	4.460	1.890	6.250	-	6.540	4.580	1.960	0.460
2029	6.750	-	7.000	4.570	2.430	6.375	-	6.570	4.570	1.870	6.375	-	6.540	4.680	2.270	0.200
2030	7.000	-	7.150	4.670	2.480	6.500	-	6.580	4.670	1.900	6.500	-	6.540	4.780	2.170	0.200
2031	7.000	-	7.150	4.770	2.380	6.500	-	6.740	4.770	1.810	6.500	-	6.540	4.830	2.120	0.200
2032	7.000	-	7.150	4.820	2.330	6.625	-	6.740	4.820	1.920	6.625	-	6.540	4.870	2.080	0.200
2033	7.000	-	7.150	4.860	2.290	6.625	-	6.740	4.860	1.880	6.625	-	6.540	4.900	2.050	0.200
2034	7.000	-	7.150	4.890	2.260	6.625	-	6.740	4.890	1.850	6.625	-	7.020	4.920	2.100	0.130
2035	7.000	-	7.150	4.910	2.240	6.625	-	6.740	4.910	1.830	6.625	-	7.020	4.930	2.090	0.130
2036	7.000	-	7.150	4.920	2.230	6.625	-	6.740	4.920	1.820	6.625	-	7.020	4.940	2.060	0.130
2037	7.000	-	7.150	4.930	2.220	6.625	-	6.740	4.930	1.810	6.625	-	7.020	4.950	2.070	0.130
2038	7.000	-	7.150	4.940	2.210	6.625	-	6.740	4.940	1.800	6.625	-	7.020	4.970	2.160	0.922
2039	-	-	-	4.960	2.210	6.625	-	6.740	4.960	1.971	6.625	-	7.020	4.970	2.160	0.925
				Avg.	3.085				Avg.	1.114				Avg.	0.925	

Notes

- (1) Final Pricing
(2) Priced to Call (Yield to Maturity Calculated)

Prepared by Del Rio Advisors, LLC

Stockton Public Financing Authority
Lease Revenue Bonds, 2009 Series A
(Capital Improvement Projects)
Comparable Sales (Page Two)

Stockton Public Financing Authority
Lease Revenue Bonds, 2009 Series A
(Capital Improvement Projects)

Amount 35,080 (1)
Sale Type Negotiated
Underwriter RBC Capital
Sale Date 06/19/09
Optional Call 9/1/19 @ 100%
Insurance N/A
Rating S&P A
Special Notes

San Francisco Redevelopment Financing Authority
Tax Allocation Revenue Bonds
2009 Series B
(San Francisco Redevelopment Project)

19,625
Negotiated
EJ De La Rosa
08/13/09
8/1/19 @ 100%
N/A
Moody's A2, S&P A

Coalinga Redevelopment Agency
Tax Allocation Bonds
Series 2009A

6,540
Negotiated
Wulff Hansen
09/13/09
9/15/18 @ 100%
N/A
S&P A

Year	Coupon	Yield To Call (2)	Yield To Maturity	AAA S&P	S&P Spread	Yield To Call (2)	Yield To Maturity	AAA S&P	S&P Spread	Yield To Call (2)	Yield To Maturity	AAA S&P	S&P Spread	Actual Spread
2010	-	-	-	0.500		-	-	0.590		-	-	0.590		
2011	-	-	-	1.030		-	-	1.020		-	-	1.020		
2012	-	-	-	1.340		-	-	1.330		-	-	1.330		
2013	6.750	-	7.000	1.590	5.310	-	3.340	1.680	1.660	-	4.000	1.680	2.320	3.000
2014	6.750	-	7.000	2.140	4.860	-	3.800	2.130	1.670	-	4.300	2.130	2.170	2.700
2015	6.750	-	7.000	2.450	4.550	-	4.130	2.450	1.680	-	4.670	2.450	2.220	2.330
2016	6.750	-	7.000	2.760	4.240	-	4.420	2.760	1.660	-	5.100	2.760	2.340	1.900
2017	6.750	-	7.000	3.020	3.980	-	4.690	3.030	1.660	-	5.250	3.030	2.220	1.750
2018	6.750	-	7.000	3.260	3.740	-	4.940	3.270	1.670	-	5.600	3.270	2.330	1.400
2019	6.750	-	7.000	3.420	3.580	-	5.140	3.440	1.700	-	6.300	3.440	2.860	0.700
2020	6.750	-	7.000	3.560	3.440	-	6.102	3.580	2.522	-	6.300	3.580	2.720	0.700
2021	6.750	-	7.000	3.720	3.280	-	6.090	3.740	2.362	-	6.300	3.740	2.560	0.700
2022	6.750	-	7.000	3.860	3.140	-	6.090	3.860	2.222	-	6.300	3.860	2.420	0.700
2023	6.750	-	7.000	3.920	3.080	-	6.090	3.950	2.152	-	6.300	3.950	2.350	0.700
2024	6.750	-	7.000	4.000	3.000	-	6.090	4.040	2.062	-	-	4.040	-	-
2025	6.750	-	7.000	4.100	2.900	-	6.090	4.140	1.962	-	-	4.140	-	-
2026	6.750	-	7.000	4.200	2.800	-	6.090	4.240	1.862	-	-	4.240	-	-
2027	6.750	-	7.000	4.300	2.700	-	6.090	4.340	1.762	-	-	4.340	-	-
2028	6.750	-	7.000	4.460	2.540	-	6.090	4.500	1.602	-	-	4.500	-	-
2029	6.750	-	7.000	4.570	2.430	-	6.520	4.620	1.900	-	-	4.620	-	-
2030	7.000	-	7.150	4.670	2.480	-	6.520	4.720	1.800	-	-	4.720	-	-
2031	7.000	-	7.150	4.770	2.380	-	6.520	4.820	1.700	-	-	4.820	-	-
2032	7.000	-	7.150	4.820	2.330	-	6.520	4.870	1.650	-	-	4.870	-	-
2033	7.000	-	7.150	4.860	2.290	-	6.640	4.910	1.730	-	-	4.910	-	-
2034	7.000	-	7.150	4.890	2.260	-	6.640	4.950	1.690	-	-	4.950	-	-
2035	7.000	-	7.150	4.910	2.240	-	6.640	4.970	1.670	-	-	4.970	-	-
2036	7.000	-	7.150	4.920	2.230	-	6.640	4.980	1.660	-	-	4.980	-	-
2037	7.000	-	7.150	4.930	2.220	-	6.640	4.990	1.650	-	-	4.990	-	-
2038	7.000	-	7.150	4.940	2.210	-	6.640	5.000	1.640	-	-	5.000	-	-
2039	-	-	-	4.960		-	6.640	5.020		-	-	5.020	-	-
Avg.														
Avg.														
Difference														
Difference														

Notes

- (1) Final Pricing
(2) Priced to Call (Yield to Maturity Calculated)

Prepared by Del Rio Advisors, LLC

Stockton Public Financing Authority
Lease Revenue Bonds, 2009 Series A
(Capital Improvement Projects)
Comparable Sales (Page Three)

Stockton Public Financing Authority
Lease Revenue Bonds, 2009 Series A
(Capital Improvement Projects)

Amount 35,080 (1)
Sale Type Negotiated
Underwriter RBC Capital
Sale Date 08/19/09
Optional Call 9/1/19 @ 100%
Insurance N/A
Rating S&P A
Special Notes

Paso Robles Redevelopment Agency
Tax Allocation Refunding Bonds
Paso Robles Redevelopment Project 2009

12,115
Negotiated
Stone & Youngberg
07/23/09
7/1/19 @ 100%
N/A
S&P AA-

Hollister Redevelopment Agency
Tax Allocation Bonds
Series 2009
(Hollister Community Development Project)

8,000
Negotiated
Stone & Youngberg
07/22/09
10/1/19 @ 100%
N/A
S&P A

Year	Coupon	Yield To Call (2)	Yield To Maturity	AAA S&P	S&P Spread	Coupon	Yield To Call (2)	Yield To Maturity	AAA S&P	S&P Spread	Actual Spread
2010	-	-	-	0.560	-	-	-	-	0.560	-	-
2011	-	-	-	1.030	-	-	-	-	1.060	-	-
2012	-	-	-	1.340	-	-	-	-	1.280	-	-
2013	6.750	-	7.000	1.690	5.310	-	-	-	1.700	2.200	3.100
2014	6.750	-	7.000	2.140	4.860	-	-	-	2.130	2.150	2.700
2015	6.750	-	7.000	2.450	4.550	-	-	-	2.480	2.160	2.350
2016	6.750	-	7.000	2.760	4.240	-	-	-	2.780	2.210	2.000
2017	6.750	-	7.000	3.020	3.980	-	-	-	3.050	2.200	1.750
2018	6.750	-	7.000	3.260	3.740	4.750	-	4.800	3.280	2.220	1.500
2019	6.750	-	7.000	3.420	3.580	5.000	-	5.000	3.460	2.290	1.250
2020	6.750	-	7.000	3.560	3.440	5.000	-	5.150	3.600	2.300	1.100
2021	6.750	-	7.000	3.720	3.280	5.250	-	5.300	3.770	2.280	0.950
2022	6.750	-	7.000	3.860	3.140	5.375	-	5.500	3.900	2.300	0.800
2023	6.750	-	7.000	3.920	3.080	5.500	-	5.625	3.950	2.340	0.680
2024	6.750	-	7.000	4.000	3.000	5.625	-	5.750	4.090	2.376	0.544
2025	6.750	-	7.000	4.100	2.900	5.750	-	5.875	4.180	2.350	0.480
2026	6.750	-	7.000	4.200	2.800	6.000	-	6.000	4.260	2.360	0.380
2027	6.750	-	7.000	4.300	2.700	6.000	-	6.080	4.350	2.350	0.280
2028	6.750	-	7.000	4.460	2.540	6.000	-	6.150	4.570	2.220	0.230
2029	6.750	-	7.000	4.570	2.430	6.000	-	6.200	4.700	2.140	0.180
2030	7.000	-	7.150	4.670	2.480	6.375	-	6.470	4.790	2.330	0.050
2031	7.000	-	7.150	4.770	2.380	6.375	-	6.470	4.880	2.240	0.050
2032	7.000	-	7.150	4.820	2.330	6.375	-	6.470	4.930	2.190	0.050
2033	7.000	-	7.150	4.860	2.290	6.375	-	6.470	4.960	-	-
2034	7.000	-	7.150	4.890	2.260	6.500	-	6.600	5.000	-	-
2035	7.000	-	7.150	4.910	2.240	6.500	-	6.600	5.030	-	-
2036	7.000	-	7.150	4.920	2.230	6.500	-	6.600	5.040	-	-
2037	7.000	-	7.150	4.930	2.220	6.500	-	6.600	5.050	-	-
2038	7.000	-	7.150	4.940	2.210	6.500	-	6.600	5.060	-	-
2039	-	-	-	4.960	-	-	-	-	5.080	-	-
				Avg.	3.085					Avg.	1.050
										Difference	1.496

Notes

- (1) Final Pricing
(2) Priced to Call (Yield to Maturity Calculated)

Stockton Public Financing Authority
Lease Revenue Bonds, 2009 Series A
(Capital Improvement Projects)
Comparable Sales (Page Four)

Amount	Year	Stockton Public Financing Authority Lease Revenue Bonds, 2009 Series A (Capital Improvement Projects)									Oakland General Obligation Bonds Series 2009B, Measure DD								
		Coupon	Yield To Call (2)	Yield To Maturity	AAA S&P	S&P Spread	Coupon	Yield To Call (2)	Yield To Maturity	AAA S&P	S&P Spread	Actual Spread							
Sale Type Underwriter Sale Date Optional Call Insurance Rating Special Notes	2010	-	-	-	0.600	-	3.000	-	1.320	0.560	-								
	2011	-	-	-	1.030	-	3.000	-	1.780	1.080	-								
	2012	-	-	-	1.340	-	3.000	-	2.130	1.280	-								
	2013	6.750	-	7.000	1.690	5.310	3.000	-	2.530	1.700	0.830								
	2014	6.750	-	7.000	2.140	4.860	5.000	-	3.040	2.150	0.890								
	2015	6.750	-	7.000	2.450	4.550	3.500	-	3.340	2.490	0.850								
	2016	6.750	-	7.000	2.760	4.240	5.000	-	3.660	2.780	0.870								
	2017	6.750	-	7.000	3.020	3.980	4.250	-	3.930	3.050	0.860								
	2018	6.750	-	7.000	3.260	3.740	5.000	-	4.140	3.280	0.860								
	2019	6.750	-	7.000	3.420	3.580	5.000	-	4.330	3.460	0.870								
	2020	6.750	-	7.000	3.560	3.440	5.500	4.570	4.638	3.600	1.038								
	2021	6.750	-	7.000	3.720	3.280	5.500	4.760	4.859	3.770	1.089								
	2022	6.750	-	7.000	3.860	3.140	5.500	4.900	5.010	3.900	1.110								
	2023	6.750	-	7.000	3.920	3.080	5.500	5.020	5.129	3.980	1.149								
	2024	6.750	-	7.000	4.000	3.000	5.500	5.120	5.220	4.080	1.140								
	2025	6.750	-	7.000	4.100	2.900	5.000	-	5.220	4.170	1.050								
	2026	6.750	-	7.000	4.200	2.800	5.125	-	5.320	4.260	1.060								
	2027	6.750	-	7.000	4.300	2.700	5.125	-	5.420	4.370	1.050								
	2028	6.750	-	7.000	4.460	2.540	5.250	-	5.510	4.550	0.960								
2029	6.750	-	7.000	4.570	2.430	5.250	-	5.600	4.680	0.920									
2030	7.000	-	7.150	4.670	2.480	6.000	5.950	5.972	4.770	1.202									
2031	7.000	-	7.150	4.770	2.380	6.000	5.950	5.972	4.860	1.112									
2032	7.000	-	7.150	4.820	2.330	6.000	5.950	5.972	4.910	1.062									
2033	7.000	-	7.150	4.860	2.290	6.000	5.950	5.972	4.940	1.032									
2034	7.000	-	7.150	4.890	2.260	6.000	5.950	5.972	4.960	0.992									
2035	7.000	-	7.150	4.910	2.240	6.250	5.950	6.092	5.010	1.082									
2036	7.000	-	7.150	4.920	2.230	6.250	5.950	6.092	5.020	1.072									
2037	7.000	-	7.150	4.930	2.220	6.250	5.950	6.092	5.030	1.062									
2038	7.000	-	7.150	4.940	2.210	6.250	5.950	6.092	5.040	1.052									
2039	-	-	-	4.960	-	6.250	5.950	6.092	5.060	-									
				Avg.	3.065				Avg.	1.011	2.009								
									Difference	2.074									

Notes

- (1) Final Pricing
(2) Priced to Call (Yield to Maturity Calculated)

Prepared by Del Rio Advisors, LLC

EXHIBIT E

CITY OF STOCKTON
MAYOR AND CITY COUNCIL

Ann Johnston, *Mayor*
Katherine M. Miller, *Vice Mayor, District 2*
Elbert H. Holman, *Councilmember, District 1*
Leslie Baranco Martin, *Councilmember, District 3*
Diana Lowery, *Councilmember, District 4*
Susan Talamantes Eggman, *Councilmember, District 5*
Dale Fritchen, *Councilmember, District 6*

CITY STAFF

J. Gordon Palmer, Jr., *City Manager*
Mark Moses, *Chief Financial Officer*
Janet Salvetti, *Assistant Director of Administrative Services*
Kathleen VonAchen, *Finance Officer*
Joe Maestretti, *Budget Officer*
Richard E. Nosky, Jr. ("Ren"), *City Attorney*
Katherine Gong Meissner, *City Clerk*

STOCKTON PUBLIC FINANCING AUTHORITY

BOARD OF DIRECTORS

Ann Johnston, *Chair*
Katherine M. Miller, *Vice Chair*
Elbert H. Holman, *Member*
Leslie Baranco, *Member*
Diana Lowery, *Member*
Susan Talamantes Eggman, *Member*
Dale Fritchen, *Member*

SPECIAL SERVICES

BOND COUNSEL

Quint & Thimmig LLP
San Francisco, California

DISCLOSURE COUNSEL

Lofton & Jennings
San Francisco, California

TRUSTEE

Wells Fargo Bank, National Association
San Francisco, California

FINANCIAL ADVISOR

Del Rio Advisors, LLC
Modesto, California

Discussions regarding Concerns of the City's General Fund Solvency

On February 20, 2009, it was reported in *The Record*, a newspaper of general circulation within the City, under the headline "City Could Consider Bankruptcy" that the City Council's Budget/Finance/Economic Development Committee called for the City to at least consider filing for bankruptcy protection, and that the City's General Fund deficit was expected to reach \$30 million by June 2010 and further service reductions and layoffs are all but certain. At least two facts in the article were inaccurate.

On February 19, 2009, during the Budget/Finance/Economic Development Committee (the "Budget Committee") meeting, Dale Fritchen, Chair of the Committee requested that the City Attorney's Office give or cause to be given an informational presentation on municipal bankruptcy. The informational presentation by the City Attorney's office was not prepared or scheduled.

A transcript of the discussion from the Committee meeting to which *The Record* article refers is set forth below:

"I have been receiving also an increased number of members of the public who bump into me, and two or three last night, and everyday there's individuals who bump into me and tell me 'why doesn't the City just go bankrupt.' I'm not one who is afraid, who will stick my head in the sand and be afraid of finding out more information. I think it would be prudent and it would be wise for the Budget Committee to have someone come and report about what the effects of bankruptcy would be; the pros and the cons. I know I have seen a number of reports, on emails, blogs and elsewhere that talks about, that the City would have to give up its assets if it declares bankruptcy. So last night I went on the computer, and went on the internet and found out that city assets are not part of a Chapter 9, I think, municipal bankruptcy. So there is a lot of misinformation out there, that I think would be . . . also good to clear the air. So that I'm not afraid of education, I'm not afraid of information being out there. So I was wondering if it would be possible for the City Attorney's office to either give a presentation about the pros and cons of it or if there is somebody that you know in the community that could come and give that presentation, whenever it be, in one of our future Budget meetings. I don't know what the Committee thinks about that. And if they're okay with finding out more information about that as an option."

The estimated \$30 million General Fund deficit figure reported in *The Record* references information provided by Budget Office staff to the Budget/Finance/Economic Development Committee on January 13, 2009 in a "budget primer" prepared for the benefit of the five new City Council members who took office effective January 1, 2009. The budget primer presented a worst case scenario of the fiscal situation of the City over an 18-month time horizon (January 2009 through June 2010). This estimated \$30.0 million budget gap includes an assumption that Fiscal Year 2008-09 General Fund actual expenditures would exceed by \$3.5 million the revised budget expenditure reduction target, and that no further actions to reduce cost would be undertaken by management. Annualizing the Fiscal Year 2008-09 \$3.5 million in needed reductions into the Fiscal Year 2009-10 projected budget amounts to an additional deficit in Fiscal Year 2009-10 of \$7.0 million, for a total between the two Fiscal Years of \$10.5 million in related cuts that had been authorized by the previous City Council. As a result of this "budget primer" presentation, the Budget/Finance/Economic Development Committee and the City Council expressed their full support of management in undertaking actions to realize the Fiscal Year 2008-09 revised budget. As previously discussed, following January 13, 2009 the City Manager directed the layoff of 29 police officers, three department heads and reorganization of the deputy city management staff. See also "*Labor Relations—Recent Developments regarding the Potential Layoff of City Police Officers.*"

As a result of management actions taken after January 13, 2009, the preliminary estimate of the 18-month (January 2009 through June 2010) deficit was revised to \$22.8 million (\$30.0 million *less* the \$10.5 million discussed above, plus \$3.3 million in other subsequent net adjustments to revenue estimates and other reductions). The Budget Office provided each General Fund department with a Fiscal Year 2009-10 expenditure target required to close the funding gap. Since mid-January 2009, the Budget/Finance/Economic Development Committee were provided with weekly presentations by each department regarding operational plans to meet these required cost reductions. The City Council expressed its strong support for maintaining a fiscally sustainable cost structure that results in an available fund balance in the General Fund similar to prior year levels at the end of Fiscal Year 2009-10 and that fiscal solvency is the only option for the City.

On May 8, 2009, it was reported in *The Bond Buyer*, a newspaper of national circulation dedicated to reporting municipal credit market activity, under the headline "Bankruptcy Rumor Mill: In California, Some Cities Eye the Example of Vallejo" that the City of Stockton was one of the California cities in which bankruptcy rumors were "self-inflicted" rather than "justified". Further the City Finance Officer, Kathleen VonAchen, was quoted as stating "[W]e're not declaring bankruptcy," and further emphasized that solvency was the only option being pursued by the City. As summarized in the paragraph above describing the budget development process for Fiscal Year 2009-10, measures undertaken by the City administration to balance the budget have proven this solvency statement to be correct.

City Financial Management Policies

The City Council has adopted a comprehensive set of financial management policies to provide for: (i) establishing targeted General Fund reserves; (ii) the prudent investment of City funds; and (iii) establishing parameters for issuing and managing debt supported by the General Fund, Enterprise Funds and any other related funding entity of the City.

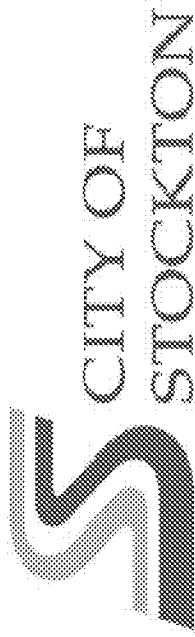
General Fund Reserve Policy. In May of 2006, the City Council adopted a General Fund Reserve Policy that established the goal of achieving reserve available fund balances of 5% of appropriations for catastrophic events and 5% of appropriations for budgetary/economic uncertainty. Appropriations from these reserves require approval by the City Council. At the time of adoption of this reserve policy the City Council voiced a commitment to fund these reserve levels over the subsequent future years.

Copies of the General Fund Reserve Policy may be obtained by contacting the Director of Administrative Services, City Hall, 425 North El Dorado Street, Stockton, California 95202.

Investment Policy. The investment of funds of the City (except pension and retirement funds), including those held under the Trust Agreement and in the Enterprise Funds, are made in accordance with the City's Investment Policy, as amended in June 2009 (the "Investment Policy") and Section 53600 *et seq.* of the California Government Code. The Investment Policy is subject to revision at any time and is reviewed at least annually to ensure compliance with the stated objectives of safety, liquidity, yield, and current laws and financial trends. All amounts held under the Trust Agreement are invested at the direction of the City in Investment Securities, as defined in the Trust Agreement, and are subject to certain limitations contained therein. See APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS—TRUST AGREEMENT—Investments."

The objective of the Investment Policy is to assist the City in accurately monitoring and forecasting expenditures and revenues to enable the City to invest funds to the fullest extent possible while obtaining the highest yield, provided such investments satisfy the criteria established for safety and liquidity.

EXHIBIT F



**STANDARD & POOR'S
CREDIT RATING PRESENTATION**

**2009-10 TAX AND REVENUE ANTICIPATION NOTES
/ GENERAL FUND OVERVIEW
AND
LEASE REVENUE BONDS 2009 SERIES
(PUBLIC FACILITY FEE CAPITAL PROJECTS)**

JULY 9, 2009 – REVISED 7-17-09

City of Stockton, California

- Mark Moses – *Chief Financial Officer*
- Laurie Montes – *Deputy City Manager, Operations*
- Dianna Garcia – *Director, Human Resources*
- Kathleen VonAchen – *Finance Officer*
- Joe Maestretti – *Budget Officer*
- Kevin Beltz – *Accountant II (Debt)*
- Teri Chapa – *Accountant II (General Fund/ISF)*

Green Coast Capital Partners (TRAN financial advisor)

- Catherine Bando – *Partner*

Del Rio Advisors, LLC (LRB (PFF) financial advisor)

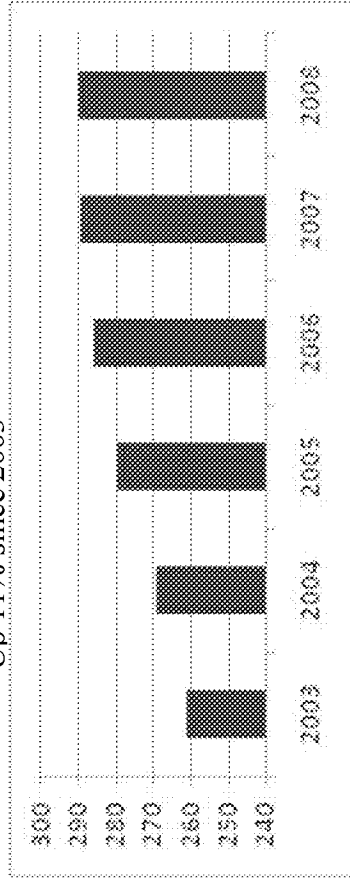
- Kenneth L. Dieker – *Principle*

Demographic and Economic Trends

Economic Outlook

Population (in thousands)

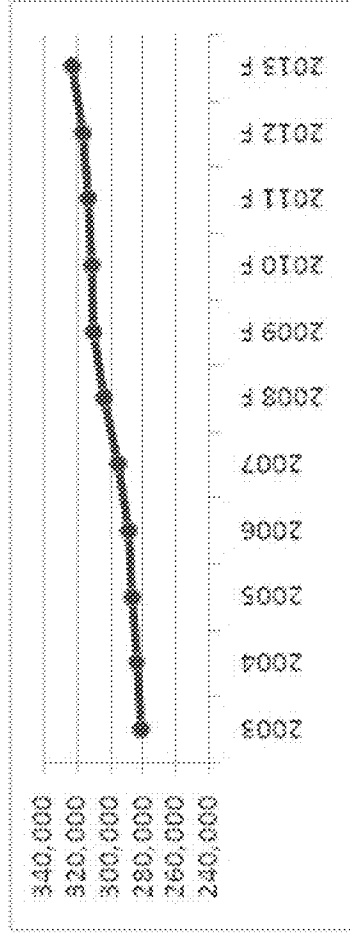
Up 11% since 2003



Source: California Department of Finance, Demographic Research Unit

Labor Force

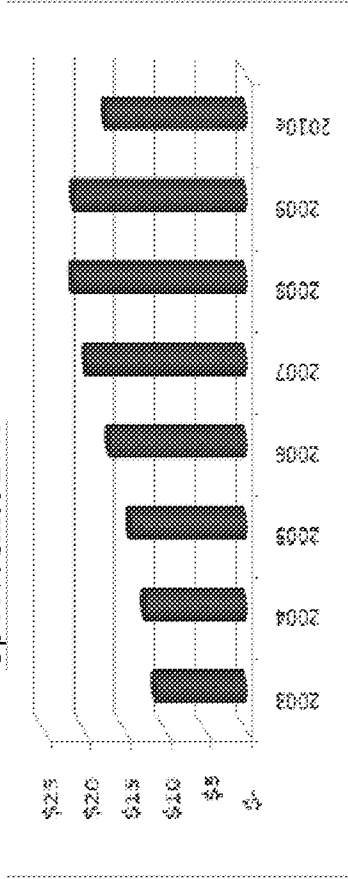
Est. Increase of 15% since 2003



Source: US Bureau of Labor Statistics, Univ. of the Pacific, Business Forecasting

Assessed Valuation (in billions)

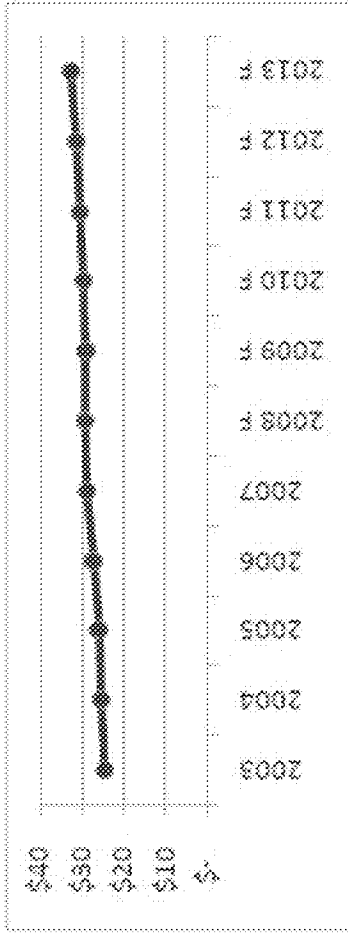
Up 55% since 2003



Source: County of San Joaquin

Per Capital Income (in thousands)

Est. Increase of 32% since 2003



Source: US Bureau of Labor Statistics; Univ. of the Pacific, Business Forecasting

City Budget and Finance Policies

City continues to follow its fiscal policies:

✓ Budget Finance Policy

- Annual balanced budget of revenues = expenditures
- Management practice of directing hiring freezes, operational and programmatic service adjustments
- Personnel layoffs issued to meet forecasted revenue shortfalls

✓ General Fund Reserve Policy

- Council adopted in May, 2006; Committed to fund over future years
- 5% of appropriations for catastrophic events
- 5% for economic contingency/budget uncertainty

City working on new fiscal policies and practices this year:

- Expenditure / Revenues policies and target reserves for special revenue and internal service funds to be presented to the Budget/Finance/Economic Development Committee in late July
- Long Term Financial Planning being expanded beyond General Fund;
 - To include Special Revenue, Internal Service and Capital funds

City continues to follow its debt related fiscal policies:

- Debt Policy
 - To manage liabilities prudently and, when possible, pursue alternative sources of funding in order to minimize the level of debt and interest costs

City added new debt related fiscal policies last year:

- Budget Financing Policy
 - Inter-Fund loan borrowing limited to a maximum of 5 year terms with formally signed loan agreements and repayment plan submitted before approval.
 - Variable Rate Interest Savings - difference between budgeted amount at fixed rate and actual interest cost per bond covenants.
 - Savings to be used in future years to either reduce principal amount of lease revenue demand outstanding bonds or provide a cashflow operating reserve for the respective facility fund.
 - Closely monitoring variable rate market. All bonds currently held by bondholders.
 - Additional information can be provided on the City's variable rate debt.

Capital Plan/Future Financings

Major Capital Project	Estimated Project Cost	Anticipated Funding Mechanism
<p>Public Facility Fee Infrastructure Needs</p> <ul style="list-style-type: none"> - Fire Station Improvements - Police Emergency Communication Center - Parks and Recreation Facilities - Street and Bridge Construction - City Facility Improvements 	<p>\$34 - \$55 million</p>	<ul style="list-style-type: none"> - Lease Revenue Bond Financing - Public Facility Fee (PFF) Revenues - General Fund-backed - 2009 Series - \$34 million - 2010 / 2011 Series – est. \$21 million
<p>Delta Water Supply Project</p> <ul style="list-style-type: none"> - Intake and Treatment System - Water Distribution Infrastructure 	<p>Est. \$253 million</p>	<ul style="list-style-type: none"> - Water Utility Revenue Bonds - Water rate increase

FY 2009-10 Tax and Revenue Anticipation Notes and City General Fund Overview

- GENERAL FUND OUTLOOK
 - * FY 2008-09 & FY 2009-10
 - * LABOR RELATIONS
- TAX & REVENUE ANTICIPATION NOTES (FY 2009-10)
 - * SIZING
 - * INTRA-FUND BORROWING CAPACITY
 - * CASH FLOWS (ACTUAL / ESTIMATED)
 - * TENTATIVE TIMELINE
 - * CREDIT SUMMARY

Overview – FY 2008-09 General Fund Overview

<i>(\$s in thousands)</i>		FY 07-08 ACTUALS (per CAFR)	FY 08-09 REVISED BUDGET (a)	FY 08-09 YR-END ESTIMATE	% of Budget	% Change FY 08-09 v. FY 07-08
Beg. Fund Balance	\$	28,992	\$ 23,125	\$ 23,125		
Revenues		187,331	179,883	181,364	101%	-3.2%
Transfers-In		5,845	5,654	7,383	131%	26.3%
Subtotal: Sources		193,176	185,537	188,747	102%	-2.3%
Expenditures		182,054	169,415	171,710	101%	-5.7%
Contingency		0	3,881	1,800	46%	na
Transfers-Out		16,989	13,528	13,059	97%	-23.1%
Subtotal: Uses		199,043	186,825	186,569	100%	-6.3%
Net Operating Performance		(5,867)	(1,288)	2,178		
Ending Fund Balance	\$	23,125	\$ 21,837	\$ 25,303		
Legally Restricted	\$	12,137	\$ 12,137	\$ 12,137		
Encumbrances	\$	1,361	na	\$ 763		
Available Fund Bal	\$	9,627	\$ 9,700	\$ 12,403		

(a) Revised Budget includes prior year encumbrance budgets.

Financial/Budget Summary

Overview - FY 2008-09 General Fund Revenues

Case 12-32118 Filed 04/25/14 Doc 1432

<i>\$ in thousands</i>				Comparative Analysis	
* YEAR-END ESTIMATE AS OF 7-17-09				FY 07-08 Actuals (Per CAFR)	% Change YE Est FY 08-09 to FY 07-08
Revenue Categories	FY 08-09 Revised Budget	FY 08-09 YTD 6-30-09 PERIOD 12	FY 08-09 YEAR-END ESTIMATE *	% of Revised Budget (YE Est.)	
Property	31,714	32,984	33,125	104.4%	37,077 -10.7%
Sales & use tax	40,025	35,009	37,200	92.9%	42,064 -11.6%
Utility user	30,735	28,366	30,429	99.0%	30,861 -1.4%
Franchise	11,255	8,972	11,618	103.2%	11,537 0.7%
Business license	10,000	8,851	9,500	95.0%	10,133 -6.2%
Hotel/motel room	2,250	1,532	1,800	80.0%	2,286 -21.3%
Document transfer (real estate)	680	650	680	100.0%	690 -1.4%
Licenses and permits	369	637	667	180.8%	377 76.9%
Motor vehicle in lieu	23,000	23,235	23,235	101.0%	24,050 -3.4%
Other governmental revenue	602	2,271	2,100	348.8%	822 155.5%
Charges for services	10,077	11,918	11,000	109.2%	10,213 7.7%
Fines and forfeitures	4,346	4,184	4,200	96.6%	3,302 27.2%
Use of money and property	3,674	3,594	3,600	98.0%	2,462 46.2%
Investment income	700	1,125	1,000	142.9%	1,618 -38.2%
Refunds and reimbursements	2,637	3,299	3,300	125.1%	3,709 -11.0%
Indirect cost pymts from other city funds	7,817	6,121	7,800	99.8%	6,086 28.2%
Miscellaneous & sale of capital assets	-	229	109	na	44 147.7%
Transfers-in	5,654	3,940	7,383	130.6%	5,845 26.3%
Total Revenues and Transfers-in	\$ 185,535	\$ 176,917	\$ 188,746	101.7%	\$ 193,176 -2.3%

Financial/Budget Summary

Overview - FY 2008-09 General Fund Expenditures

Expenditure Categories	FY 08-09		FY 08-09 YEAR-END ESTIMATE *	% of Revised Budget (YE Est.)	Comparative Analysis	
	Revised Budget (a)	YTD 6-30-09 PERIOD 12			FY 07-08 Actuals (Per CAFR)	% Change YE Est FY 08-09 to FY 07-08
<i>\$ in thousands</i>						
* YEAR-END ESTIMATE AS OF 7-17-09						
City council	542	542	542	100.0%	636	-14.8%
City manager	1,469	1,460	1,469	100.0%	1,428	2.9%
City attorney	1,326	1,258	1,326	100.0%	1,293	2.6%
City clerk	884	880	884	100.0%	989	-10.6%
City auditor	556	473	516	92.8%	631	-18.2%
Administrative Services	2,962	2,390	2,500	84.4%	3,032	-17.5%
Human resources	2,077	1,707	1,800	86.7%	2,119	-15.1%
Housing & econ development	1,839	613	670	36.4%	783	-14.4%
Non-departmental	4,398	4,766	4,848	110.2%	4,175	16.1%
Police	89,623	91,248	91,848	102.5%	94,258	-2.6%
Fire	44,481	46,357	46,664	104.9%	49,790	-6.3%
Public works(w/ reorg)	19,126	17,930	18,261	95.5%	13,876	31.6%
Parks and recreation (w/ reorg)	133	129	283	212.8%	8,904	-96.8%
Cost of Issuance/Capital Outlay	-	99	99	na	140	-29.3%
Public safety contingency	3,881	-	1,800	46.4%	-	na
Transfers out	13,528	13,085	13,059	96.5%	16,989	-23.1%
Total Expenditures & Transfers-out	\$ 186,825	\$ 182,937	\$ 186,569	99.9%	\$ 199,043	-6.3%

(a) Revised Budget figures include prior year encumbrance budgets

Financial/Budget Summary

Summary – FY 2009-10 General Fund Overview

<i>(\$s in thousands)</i>	FY 07-08 ACTUALS (per CAFR)	FY 08-09 YR-END ESTIMATE	FY 09-10 ADOPTED BUDGET	% Change FY 09-10 v. FY 08-09
Beg. Fund Balance	\$ 28,992	\$ 23,125	\$ 25,303	
Revenues	187,331	181,364	161,924	-11%
Transfers-In	5,845	7,383	775	-90%
Subtotal: Sources	193,176	188,747	162,699	-14%
Expenditures	182,054	171,710	147,797	-14%
Contingency	0	1,800	0	-100%
Transfers-Out	16,989	13,059	14,901	14%
Subtotal: Uses	199,043	186,569	162,698	-13%
Net Operating Performance	(5,867)	2,178	0	
Ending Fund Balance	\$ 23,125	\$ 25,303	\$ 25,303	
Legally Restricted	\$ 12,137	\$ 12,137	\$ 12,137	
Encumbrances	\$ 1,361	\$ 763	\$ 763	
Available Fund Bal	\$ 9,627	\$ 12,403	\$ 12,403	

Overview - FY 2009-10 General Fund Revenues

<i>\$ in thousands</i>			
<u>Revenue Categories</u>	<u>FY 07-08 Actuals</u>	<u>FY 08-09 Yr-End Est.</u>	<u>FY 09-10 Budget</u>
Property	37,077	33,125	27,525
Sales & use tax	42,064	37,200	34,410
Utility user	30,861	30,429	30,055
Franchise	11,537	11,618	11,270
Business license	10,133	9,500	9,865
Hotel/motel room	2,286	1,800	2,150
Document transfer (real estate)	690	681	650
Licenses and permits	377	667	398
Motor vehicle in lieu	24,050	23,235	19,350
Other governmental revenue	822	2,100	467
Charges for services	10,213	11,000	9,688
Fines and forfeitures	3,302	4,200	3,972
Use of money and property	2,462	3,600	2,652
Investment income	1,618	1,000	635
Refunds and reimbursements	3,709	3,300	1,840
Indirect cost pymts from other city funds	6,086	7,800	7,318
Miscellaneous & sale of capital assets	44	109	(320)
Transfers-in	5,845	7,383	775
Total Revenues and Transfers-in	\$ 193,176	\$ 188,747	\$ 162,699
			-14%

Overview - FY 2009-10 General Fund Expenditures

<i>\$ in thousands</i>	FY 07-08	FY 08-09	FY 09-10	FY 09-10
<u>Expenditure Categories</u>	<u>Actuals</u>	<u>Yr-End Est.</u>	<u>Budget</u>	<u>% Change</u>
City council	636	542	497	-8%
City manager	1,428	1,469	1,172	-20%
City attorney	1,293	1,326	1,087	-18%
City clerk	989	884	730	-17%
City auditor	631	516	437	-15%
Administrative Services	3,032	2,500	2,292	-8%
Human resources	2,119	1,800	1,701	-5%
Housing & econ development	783	670	405	-40%
Non-departmental	4,175	4,848	3,701	-24%
Police	94,258	91,848	86,433	-6%
Fire	49,790	46,664	41,216	-12%
Public works(w/ reorg)	13,876	18,261	8,064	-56%
Parks and recreation (w/ reorg)	8,904	283	62	-78%
Cost of Issuance/Capital Outlay	140	99	-	-100%
Public safety contingency	-	1,800	-	-100%
Transfers out	16,989	13,059	14,901	14%
Total Expenditures & Transfers-out	\$ 199,043	\$ 186,569	\$ 162,698	-13%

Status of Labor Contracts

Employee Relations

- As of July 1, 2009, there are 1,458 full-time City employees represented by nine employee groups (compared to 1,559 full-time employees as of December 2008).
- The reduction of 101 labor represented positions is a result of vacancy across all employee groups related to a hiring freeze , early-retirement incentives and layoffs.

BARGAINING UNITS	Active Employees	Expiration Date
Stockton Police Officers' Association	365	6/30/2012 (1)
Stockton City Employees' Association	445	6/30/2014
Operating Engineers' Local 3	135	6/30/2008 (2)
Stockton Firefighters' Local 456	233	6/30/2010 (3)
Mid-Management/Supervisory Level Unit	131	6/30/2010 (2)
Stockton Police Management Association	21	6/30/2012 (1)
Stockton Fire Management Unit	8	6/30/2010 (3)
Operations and Maintenance Local 3	112	12/31/2008 (3)
Operations and Maintenance Supervisory Local 3	8	12/31/2008 (3)
Total Active Employees as of July 1, 2009 --->	1,458	

(1) The City reached an agreement with the Stockton Police Officers Association that settles the salary survey dispute and also provides for concessions of approximately \$7.1MM over a three-year period. The vote of the membership approved the agreement on July 15, 2009 and ratified by the City Council on July 21, 2009.

(2) Working with an expired contract. Discussions continuing re: benefit changes.

(3) The City also reached a tentative agreement with Fire, subject to ratification of the SPOA settlement. The agreement with the Fire Locals provides for savings of approximately \$7.1MM in current fiscal year and restructures a prior Letter of Understanding that provides for restoration of previous concessions. If ratified by the Fire Locals, the restructure will save an additional \$5.0MM over current obligations.

2009-10 TRANS Sizing Summary

Maximum Cumulative Cash Flow Deficit
(from 2009-10 Cash Flow Projection)

plus:

Working Capital Reserve / Safe Harbor

2009/10 TRAN Sizing based on Working Capital Reserve/Safe Harbor

**Maximum Borrowing Amount (Greater of Working Capital Reserve
Sizing and Safe Harbor Sizing)**

less:

Miscellaneous Adjustments required by Tax Counsel

- a. 5% for Small Issuers, 10% for Large Issuers
- b. Expected Interest Earnings on 2009/10 TRAN proceeds to month in which
Maximum Cumulative Cash Flow Deficit is to occur.
Expected Interest Rate on Investment of 2009/10 TRANS
Estimated Size of 2009/10 TRANS

Authorized (maximum) TRAN Size as Per Your Resolution

Preferred TRAN Size if less than Estimated Size

Final Size of 2009/10 TRAN

Working Capital Reserve Sizing	Safe Harbor Sizing
\$25,577,675	\$25,577,675
+	2,841,964
=	\$28,419,639
\$35,985,627	
\$35,985,627	
-	3,598,563
-	202,419
=	\$32,180,000
=	\$35,270,000
=	
=	\$32,180,000

Informational for Large Issuers:
Approximate amount of AC balance which must be included to avoid arbitrage rebate

(\$21,772,048)

- Intrafund borrowing capacity of
\$72.3 million (projected 6/30/10 balance)**
- Capital Project Funds: \$1.5 million
 - Utilities and Other Business Type Activities: \$45 million
 - Internal Service Funds – Self Insurance Activities: \$26.8 million

2008-09 Cash Flows

Summary 2008-09 Actual/Estimated Cash Flows

See separate sheet for detailed cash flows

Case 12-32118 Filed 04/25/14 Doc 1432

Month	Beginning Cash Balance	(+) plus Receipts	(-) minus Disbursements	Ending Cash Balance	Actual "A" or Estimated "E"	(+) Amount/ (-) Pledges	Adjusted Ending Cash Balance
July-08	\$16,301,240	\$ 11,539,796	\$ 33,156,806	(\$5,315,770)	A	30,000,000	\$24,684,230
August-08	(5,315,770)	13,146,769	15,852,493	(8,021,493)	A		21,978,507
September-08	(8,021,493)	13,327,345	16,902,992	(11,597,140)	A		18,402,860
October-08	(11,597,140)	9,776,535	18,564,669	(20,385,274)	A		9,614,726
November-08	(20,385,274)	9,398,818	15,204,417	(26,190,873)	A		3,809,127
December 1, 2008	(26,190,873)	5,417,119	6,366,314	(27,140,068)	A		2,859,932
December 16, 2008	(27,140,068)	24,123,982	8,668,132	(11,684,218)	A		18,315,782
January-09	(11,684,218)	20,398,246	18,877,357	(10,163,329)	A	(15,000,000)	4,836,672
February-09	(10,163,329)	27,711,788	15,520,222	2,028,238	A		17,028,238
March-09	2,028,238	10,996,920	15,007,234	(1,982,076)	A		13,017,924
April-09	(1,982,076)	17,604,879	14,376,409	1,246,394	A	0	16,246,394
May-09	1,246,394	12,704,805	13,661,999	289,200	E	(15,000,000)	289,200
June-09	289,200	31,688,242	16,000,000	15,977,442	E	0	15,977,442
Totals	\$	207,835,244	\$ 208,159,042				

Lowest Actual cash balance occurs in December-08 in an amount of -\$27,140,068

<<-- (For a Large Issuer, only the first 6 months are considered)

2009-10 Cash Flows

Summary 2009-10 Estimated Cash Flows

See separate sheet for detailed cash flows

Expected Growth Rate of 2009/10 Receipts over 2008/09	12.44%	Expected Growth Rate of 2009/10 Disbursements over 2008/09	-11.41%
Estimated 2009/10 General Fund Receipts	\$ 183,119,679	Estimated 2009/10 General Fund Disbursements	\$ 183,211,734

Month	Beginning Cash Balance	(+) plus Receipts	(-) minus Disbursements	Ending Cash Balance	Pledge Factor (% of repayment)	(+) Amount/ (-) Pledges	Ending Cash Balance
July-09	\$15,977,442	\$ 11,174,282	\$ 33,146,367	(\$5,994,643)		32,180,000	\$26,185,357
August-09	(5,994,643)	12,134,735	16,209,633	(10,069,540)		0	22,110,466
September-09	(10,069,540)	11,910,357	12,504,165	(10,663,348)		0	21,516,652
October-09	(10,663,348)	7,886,560	16,988,766	(19,765,554)		0	12,414,444
November-09	(19,765,554)	8,223,061	14,004,617	(25,547,110)		0	6,632,899
December 1, 2009	(25,547,110)	5,154,901	5,185,465	(25,577,675)		0	6,602,323
December 16, 2009	(25,577,675)	20,235,286	6,370,345	(11,712,734)		0	20,467,266
January-10	(11,712,734)	17,064,932	15,323,059	(9,970,862)	50%	(16,090,000)	6,119,138
February-10	(9,970,862)	24,368,189	13,108,757	1,288,571		0	17,378,571
March-10	1,288,571	10,182,760	12,535,927	(1,064,595)		0	15,025,405
April-10	(1,064,595)	16,062,910	12,474,223	2,524,092	50%	(16,090,000)	2,524,092
May-10	2,524,092	11,947,735	12,056,347	2,415,480	0%	0	2,415,480
June-10	2,415,480	26,773,970	13,304,063	15,885,387		0	15,885,387
Totals	\$ 183,119,679		\$ 183,211,734				

Lowest Actual cash balance occurs in December-09 in an amount of -\$25,577,675

<<-- (For a Large Issuer, only the first 6 months are considered)

FY 2009-10 Tax and Revenue Anticipation Notes

- | | |
|--------------------------|------------------------|
| July 9, 2009 | ◆ Rating Presentations |
| July 21, 2009 | ◆ Receive Ratings |
| July 22 – 25, 2009 | ◆ Distribute POS |
| Week of July 27, 2009 | ◆ Prepared to Price |
| Week of August 3, 2009 | ◆ Closing |
| June 30 or July 31 (TBD) | ◆ Maturity Date |

Conservative Sizing

- \$25.58 Million Projected Deficit
- \$35.99 Million Maximum Borrowing Amount
- \$32.18 Million Estimated Issuance Size
- \$21.77 Million cash deficit required to avoid Arbitrage Rebate

Ample Liquidity from Intrafund Borrowing Capacity

- \$72.3 Million based on projected 6/30/10 balance

Rating Objectives

- Moody's: MIG-1
- Standard & Poor's: SP-1+

Stockton Public Financing Authority Lease Revenue Bonds 2009 Series A (Public Facility Fee Capital Projects)

- GENERAL BACKGROUND ON PUBLIC FACILITY FEES
 - * HISTORIC & PREFERRED FINANCING STRATEGY
- LEASE REVENUE BONDS 2009 SERIES A
 - * FINANCIAL SUMMARY AND BOND ISSUE DEVELOPMENT
 - * PUBLIC FACILITY FEE CAPITAL PROJECTS
 - * PROPOSED FINANCING STRUCTURE
 - * PROPOSED TIMELINE

General Background on Public Facility Fees

City follows statutory requirements on Public Facility Fee funds:

✓ General statutory requirements

- Public Facilities Fees paid by developers / builders to support City capital improvements prompted by new development
- Fees validated by nexus studies
- PFF revenues and capital project costs are accounted for in their respective PFF funds
- Annual report of fund activity published in January of each year

✓ Debt and Capital Financing Policy and Funds' Status

- Inter-Fund loan borrowing limited to a maximum of 5 year terms with formally signed loan agreements and repayment plan submitted before approval.
- Council adopted in May, 2008
- Citywide PFF funds total cash amount to \$61.8 million, with total fund balances of \$60.6 million, as of 6/30/2008 (*FY 2007-08 CAFR, page 30*); Cash balances of \$53 million as of 6/30/09.

City is adopting a new financing strategy for Public Facility Fee funds:

✓ Historic Financing Approach

- Borrowing PFF fund balance from other PFF funds to finance capital projects
- Not a sustainable financing method
- Some funds caught short:
 - can't pay back loans because of project commitments;
 - can't pay for approved projects due to outstanding loans from other PFF funds

✓ Preferred Financing Strategy

- Each PFF function pays for its own capital needs (streets, parks, police, etc.); Integrity of fund purpose retained
- Match future PFF revenues to capital project costs and debt service repayment
- Inter-fund borrowing method not permitted without specific payback plan; Maximum term 5 years, per debt policy

City's pursuit of new financing strategy ran into some challenges:

- ✓ **Original bond documents approved by Council Sept. 9, 2008**
 - The subsequent weeks following adoption, the financial markets underwent several dramatic events (bank and market failures, bank takeovers, bankruptcies and bailouts)
 - City budget has been impacted by the economic downturn
 - Municipal bond market rates have changed significantly
- ✓ **Recent events provide a more favorable environment**
 - Municipal capital markets more stable than in early 2009
 - Council has addressed City budget challenges
 - Major source of repayment from four PFF fund revenues related to projects;
 - Building permit levels conservatively estimated; (ranging from 300 SF permits in FY 2010 to 1,000 permits in FY 2014
 - Ten-year average is 1,800 SF permits
 - General Fund provides credit backing

PFF Capital Projects to be Financed

✓Public Facility Fee Capital Projects proposed for financing:

➤all approved by City Council (substantially underway, some completed)

- Fire Projects - \$5.335 M
- Police Projects - \$3.800 M
- Park Projects - \$11.120 M
- Street Projects - \$10.458 M
- **Total = \$30.713 M**

Proposed Financing Structure

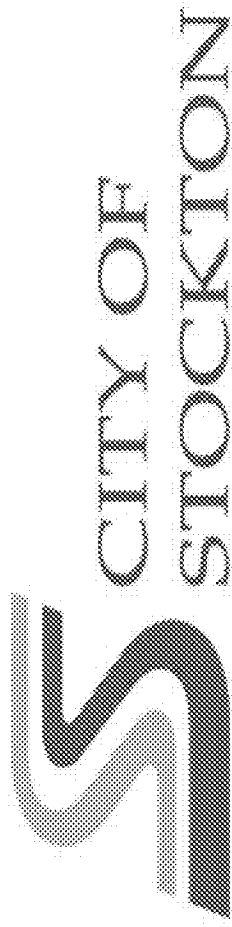
City's proposed financing structure remains the same as adopted:

- ✓ 30 yr fixed-rate lease revenue bonds
- ✓ Current Rating - S&P "A" (*negative outlook*)
- ✓ Estimated Issue Size - \$34.0 M
 - ✓ Project Fund - \$30.713 M
 - ✓ Reserve Fund (est.) - \$2.875 M
 - ✓ Cost of Issuance/Underwriting Fees (est.) - \$1.0 M
- ✓ Lease Revenue Bonds secured by General Fund and pool of City assets (parks valued at \$36.331 M)
 - ✓ Oak Park (\$19.414 M)
 - ✓ Swenson Golf Course (\$8.613 M)
 - ✓ Van Buskirk Golf Course (\$8.304 M)
- ✓ Annual debt service payment = approx. \$2.875 M; PFF revenues are major source of bond repayment
- ✓ Major step in resolving inter-fund loans

Tentative Financing Timeline

Stockton Public Financing Authority Lease Revenue Bonds 2009 Series A (Public Facility Fee Capital Projects)

- | | |
|------------------------|------------------------|
| July 9, 2009 | ◆ Rating Presentations |
| July 21 2009 | ◆ Receive Ratings |
| Week of July 27, 2009 | ◆ Distribute POS |
| Week of August 3, 2009 | ◆ Prepared to Price |
| August 17, 2009 | ◆ Closing |



**DISCUSSION, QUESTIONS
AND ADDITIONAL
FINANCIAL INFORMATION REQUESTS**

**STANDARD & POOR'S
CREDIT RATING PRESENTATION
JULY 9, 2009**

EXHIBIT G

041714(SMITH).txt

5 your hourly rate is \$250. Do you see that?
6 A Yes.
7 Q And that's your standard rate?
8 A For litigation work, yes.
9 Q Anyone else at the Bramwell Smith company
10 that is assisting on this engagement?
11 A No.
12 Q And you said \$250 an hour is your standard
13 litigation rate. Do you have any other rates that are
14 applicable to your engagements right now?
15 A Yes.
16 Q And what are those?
17 A The appraisal work -- for appraisal work is
18 175 an hour.
19 Q Anything else?
20 A And other -- other work can be engaged on a
21 fixed fee basis, so the hourly rate will vary then.
22 Q Do you know what the Bramwell Smith's
23 company's fees to date in connection with your report?
24 A No, I don't.
25 Q Is that because we're only sort of halfway

39

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UNEDITED ROUGH DRAFT OF RAYMOND SMITH

1 through the month, and you just started this
2 engagement I haven't calculated?
3 A I haven't multiplied my hours times the
4 hourly rate, yeah.
5 Q Speaking that, how many hours did you spend
6 between when you first started working on some
7 engagement On April 1st, and when the report was issued
8 on April 4th? Do you know how many hours you spent up

041714(SMITH).txt

9 until the time you filed the report. I'm going to do
10 the math here.

11 Q You can ballpark it. I'm not looking for
12 any -- any answer with too much specificity.

13 A 23 hours.

14 Q And you indicated that after your report
15 was done, you did a lot of -- you did some more
16 follow-up work in preparation for today. Do you know
17 how many hours you've spent since your report was
18 filed on this matter?

19 A About 27 and three-quarters hours before
20 today.

21 Q And you haven't sent an invoice to the City
22 yet; is that right?

23 A I sent -- I sent a retainer invoice to the
24 City.

25 Q Has that been paid?

40

♀

UNEDITED ROUGH DRAFT OF RAYMOND SMITH

1 A No.

2 Q How much did you request being retained?

3 A 7700.

4 Q Do you have the ability to earn any sort of
5 bonus in connection with the case, or is it a straight
6 hourly engagement?

7 A It's straight hourly plus travel expenses
8 to L.A.

9 Q And there's no contingency fee component
10 based on the outcome of the case; is that correct?

11 A That's correct.

12 Q If you'll turn to Exhibit 1 of your report,
Page 31

041714(SMITH).txt

11 Exhibit 2985. I'll represent to you that this is a
12 true and correct copy of the submission by Franklin
13 high yield tax-free income fund and Franklin high
14 yield municipal fund expert report of Frederick E.
15 Chin. This is a one hundred nine-page document that
16 was filed in the adversary as adversary document No.
17 23 add the main case as document No. 12 '92 check.
18 Now this is sort of the same set up as your report,
19 where there's a pleading on the first two pages and
20 then Exhibit 1 is Mr. Chin's report. Have you seen at
21 least what's been attached as Exhibit 1 to this
22 pleading.

23 A Yes.

24 Q Okay. So if, for the balance of our time
25 together today we refer to this as Mr. Chin's report,
72

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UNEDITED ROUGH DRAFT OF RAYMOND SMITH

1 will you know what I'm talking about. Yes.

2 Q Okay. So I believe the question was, is
3 there anything in this rebuttal section that, as you
4 sit here today, you were going to change or alter or
5 add to? And you were going to reference a copy of
6 Mr. Chin's report to the check.

7 A Yes, and I don't think I need to refer to
8 that. What I will speak to is my additional work
9 after completing my review report which supported --
10 further supported some of these conclusions.

11 Q Okay. So the additional work -- meaning
12 the interviews and the the -- the other article about
13 valuation of a lease fee, we're going to mark all that
14 later today. But that -- that if you remember

041714(SMITH).txt

15 supported your conclusion here? Is that your
16 testimony?

17 A Actually it's further supported other
18 conclusions, not this one.

19 Q Okay. Just to answer correctly.

20 Q And as I go through, I want to do sort of
21 two things, No. 1, you know, figure out if this is
22 your conclusion as to each of these sections and then
23 find out if you would change anything as you sit here
24 today, and then also determine how all the additional
25 work that you -- that you did and the documents that

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UNEDITED ROUGH DRAFT OF RAYMOND SMITH

1 we received late last night, how that on you know,
2 change your conclusions or your testimony at the
3 upcoming trial. But it sounds like as to this first,
4 the rebuttal to foundations on page 3, this conclusion
5 here represents the full -- the full opinion on this
6 issue as to what you're going to testify to at trial;
7 is that right?

8 MR. HERMANN: Counsel, can you explain what
9 you mean by full opinion?

10 MR. MORSE: Well, sure the he's now
11 conducted, you know are more work after the fact --
12 after he's done this report -- so if he's going to
13 show up at trial and expand his rebuttal to
14 foundations and have many more conclusions that he's
15 going to testify to, I want him to tell us, tell us
16 with that now so that we're not surprised when we show
17 up at trial.

18 MR. HERMANN: So your question is limited
Page 60

041714(SMITH).txt

19 to whether he will state additional conclusions as
20 opposed to further support for the existing
21 conclusions?

22 MR. MORSE: Exactly. Just within this
23 rebuttal section and we're going to go section by
24 section.

25 THE WITNESS: I don't believe I'll have any
74

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UNEDITED ROUGH DRAFT OF RAYMOND SMITH

1 further conclusions for this section.

2 BY MR. MORSE:

3 Q So just to be clear, this conclusion here
4 in the rebuttal to foundation, this represents your
5 full opinion on this issue?

6 A I believe so, yes.

7 Q Okay. Let's go to the second -- I'll just
8 call to the second section, rebuttal to Chin's page 45
9 check. That reference to Mr. Chin's report?

10 A Yes so that begins on page 3 and then goes
11 other to page 4, about three-quarters of the way. Do
12 you see that. Yes.

13 Q Okay. So with respect to Mr. Chin's golf
14 course valuation, is -- are these your conclusions
15 that are set forth on pages three and 4 the report?

16 A these my conclusions?

17 Q Yes.

18 A Yeah, they're my conclusions.

19 Q As you sit here today, is there anything
20 that you would change about any of the conclusions
21 contained in that Section page 2?

22 A No, no changes.
Page 61

041714(SMITH).txt

23 Q These conclusions, therefore are represent
24 the full opinion on this issue at which you're going
25 to testify at trial; is that right?

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⌘

UNEDITED ROUGH DRAFT OF RAYMOND SMITH

1 A I don't, as far as I know, yes.

2 Q Starting on page 4, the third section,
3 rebuttal to Mr. Chin's Oak Park check referring being
4 to page check and that start on page 4 and goes over
5 just to the top of page 5. Do you see that?

6 A Yes.

7 Q And are those your conclusions with respect
8 to the rebuttal to Mr. Chin's Oak Park valuation?

9 A They are my conclusions.

10 Q As you sit here today.

11 Q Anything that would you change about those
12 conclusions?

13 A I wouldn't change anything.

14 Q The 4th section begins on page five,
15 rebuttal to Mr. Chin's community center valuation with
16 a reference to pages 46 to 47 to Mr. Chin's report.
17 Do you see that?

18 A Yes.

19 Q those your conclusions as they relate to
20 the rebuttal to Mr. Chin's community center valuation?

21 A Yes.

22 Q As you sit here torque.

23 Q Anything you would change about that
24 conclusion?

25 A I wouldn't change anything.

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⌘

EXHIBIT H



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April 24, 2014

Patrick B. Bocash
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Joshua D. Morse
Jones Day
555 California St., 26th Floor
San Francisco, CA 94104

Re: **In re City of Stockton, California,**
Case No. 12-32118-C-9 (Bankr. E.D. Cal.)

Dear Josh:

This letter responds to your letter of April 23, 2014. It addresses each of the issues raised in that letter in turn.

With regard to the declarations filed concurrently with the City's Supplemental Brief in support of confirmation, while the City does not see how these declarations are "not evidence", you are correct that their content is repeated and supplemented in the Direct Testimony Declarations ("DTDs") filed by the City on April 21, 2014. The City is therefore amenable to removing the so-called "Prior Declarations" from the exhibit list and proceeding with the Direct Testimony Declarations (and accompanying exhibits). To that end, the City will serve an Amended Exhibit List. However, the deadline for Franklin to object to any exhibit, or portion of any exhibit, that was filed concurrent with the Supplemental Brief would remain April 25; similarly, the deadline for Franklin to object to any exhibit, or portion of any exhibit, filed on April 21, would remain April 30. The Amend Exhibit List will also include a few "new" exhibits – primarily earlier filings (such as the Plan and Disclosure Statement) as well as the list of the City's bankruptcy-related professional fees.

With regard to Franklin's request to take additional depositions, the City must decline. The time for both fact and expert witness depositions set under the December 10, 2013 Scheduling Order and the January 30, 2014, Modifying Order (and further amended by agreement of the Parties) has passed, and additional depositions at this point would only cause unnecessary cost and delay. Moreover, there is no basis for Franklin's request. Tom Nelson and Michael Cera are rebuttal/impeachment witnesses, as the titles of their declarations indicate. Paragraph 36 of the Scheduling Order plainly states that such witnesses were not required to be included on the Parties' exchanged witness lists. Paragraph 37 of the Scheduling Order provides an identical exception for exhibits to be used for rebuttal or impeachment. Thus, the City *could* have simply waited until trial to present rebuttal/impeachment testimony and exhibits (a tact which Franklin appears to be taking with at least some of Mr. Moore's expert testimony pursuant to the same exception). Instead, in its ongoing



Joshua D. Morse

April 24, 2014

Page 2

effort to be open and forthcoming, the City has provided Franklin with declarations and exhibits from these witnesses that were not required. This does not entitle Franklin to further depositions, which are not provided for in either the Scheduling Order or Modifying Order. As to Robert Leland and Susan Wren, Franklin has already had ample opportunity to depose both these witnesses. The fact that Leland's DTD contains information relevant to Moore's expert report, almost the entirety of which is dedicated to attacking the Long-Range Financial Plan prepared by Mr. Leland, cannot possibly come as a surprise to Franklin. Nor is it an "impermissible late rebuttal." Similarly, none of the subjects discussed in Wren's short DTD was unknown to Franklin at the time of Wren's deposition; to the contrary, Wren's investigation of certain facts (including the responses to the City's RFP) was spurred by issues raised by Franklin during her deposition. Had Franklin wished to follow-up on those topics with the City, as it did for numerous other issues, it could have done so at that time. Moreover, as Wren was deposed on March 11, Franklin had more than a week under the time frame agreed to by the Parties to request another deposition on these issues or to raise these issues at other depositions. Thus, none of these declarations causes any prejudice to Franklin, and no further depositions are necessary.

Turning to the issue of document authentication, having now had the chance to perform a preliminary review of Franklin's exhibit list, the City is willing to stipulate to the authenticity of those documents produced by the City that Franklin has listed as exhibits. However, the City cannot offer a blanket stipulation as to the documents produced by Franklin, several of which raise authenticity concerns. The City will object to such exhibits pursuant to the Scheduling and Modifying Orders.

Finally, we would be happy to put our trial technician in contact with yours so that they can work out any technical issues prior to trial. If the technicians share equipment, the City is amenable to splitting the costs. As for scheduling a meet and confer, while we agree that it will be beneficial to begin to nail down the order of proceedings, it will be difficult to do so before the Parties decide exactly which witnesses will need to appear (the deadline for which is currently May 8 pursuant to paragraph 18 of the Modifying Order). Given those constraints, early the week of May 5 appears to be the soonest possible time for a meet and confer. Please let us know what your availability is on or around that time.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Pat" followed by a stylized flourish.

Patrick B. Bocash

EXHIBIT I

1 capitalized here.

2 If you turn to page 4 of the document, there
3 is a defined term, paragraph number 23 means "the real
4 property and facilities commonly known as Swenson Golf
5 Course located in the City as described in some documents
6 that relate to the 2009 bonds."

7 If we use the term "Swenson Golf Course"
8 today, will you know what we're talking about?

9 A. Yes.

10 Q. The next topic is Topic 5, which is
11 appraisals, valuations, historical and projected
12 financial performance and current and historical rental
13 value related to Van Buskirk golf course.

14 Are you here today to testify as the City's
15 30(b)(6) witness as to that topic?

16 A. Yes.

17 Q. And, similarly, if you look at the top of
18 page 5, there's a definition of Van Buskirk golf course.
19 If I use that term today "Van Buskirk golf course," will
20 you understand what we're talking about based on that
21 definition?

22 A. Yes.

23 Q. Next is Topic 6, appraisals, valuations
24 historical and projected financial performance and
25 current and historical rental value related to Oak Park.

1 Are you here today to testify on behalf of the
2 City as the 30(b)(6) witness for that topic?

3 A. Yes.

4 Q. And similarly on the definition of that term
5 Oak Park. We use -- if you look at the bottom of page 3
6 of Exhibit 2001, if I use the term "Oak Park," will you
7 understand what I mean?

8 A. Yes.

9 Q. Skipping to page 7 of Exhibit 2001, Topic 13A
10 is as follows, "The Assured Guaranty settlement
11 including, without limitation, A, the factual and legal
12 basis for the settlement involving the 2007 office
13 building bonds; including, without limitation, the
14 appraisal and other indications of value of the 400 East
15 Main building property, historical and projected net rent
16 and profits of the 400 East Main building property, and
17 historical and projected costs of operation and
18 maintenance of the 400 East Main building property, and
19 the terms, conditions and legal and factual basis for the
20 new 400 East Main lease, including all documents and
21 analysis indicative of market lease rates."

22 Are you here today as the City's 30(b)(6)
23 witness for that Topic 13A?

24 A. Yes.

25 Q. And if we use some of the terms that are set

1 Can you just take a look at Exhibit 2031 and
2 confirm its accuracy? Just to be clear, a LinkedIn
3 profile, you populate the information that's contained in
4 that profile, is that correct?

5 A. Yes, with the exception of endorsements, et
6 cetera.

7 Q. Thank you for the clarification. But the
8 information in the summary and the experience and your
9 education, that's all input by you through the web
10 interface, is that right?

11 A. Yes.

12 Q. So looking over it, are there any inaccuracies
13 that are contained in the information to which you're
14 responsible for, again, the summary of experience and the
15 education?

16 A. No.

17 Q. Do you hold any certifications or designations
18 that are not listed on this profile?

19 For example, you do not have an MAI
20 designation, correct?

21 A. That's correct.

22 Q. And MAI stands for Member of the Appraisal
23 Institute, is that right?

24 A. I believe so.

25 Q. But you don't have knowledge of what that

1 is my understanding -- these are other individuals within
2 your network that have identified you, for example, as
3 having a top skill related to redevelopment. Is that
4 your understanding of how this works?

5 A. Yes.

6 Q. And I did not see in the top skills any
7 reference to real estate appraisals or real estate
8 valuation or commercial real estate brokerage. Am I
9 missing anything in that area?

10 A. It's written right there.

11 Q. Okay. And the same about the other bottom
12 section about what other people think that you know
13 about.

14 I did not see any reference to real estate
15 appraisal, real estate valuation or commercial real
16 estate brokerage. Did I miss anything?

17 A. I don't think so.

18 Q. Do you have any formal training in real estate
19 appraisals or real estate valuation?

20 A. No.

21 Q. Have you ever taken any courses in real estate
22 valuation or appraisal?

23 A. In the past I've taken seminars through the
24 Urban Land Institute that may have included valuations.

25 Q. Do you recall how many seminars you've

1 Q. Okay.

2 A. I forgot about that earlier one.

3 Q. And do you remember what case it was 30 years
4 ago?

5 A. 35 years ago.

6 Q. 35?

7 A. It was a case involving a housing advocacy
8 group and the City of Tracy.

9 Q. And were you employed at the City of Tracy at
10 the time?

11 A. Yes, I was.

12 Q. In what capacity?

13 A. I was an assistant planner for the City. And
14 when I gave the deposition, I actually didn't work for
15 the City anymore.

16 Q. You had already left the employ of the City
17 but they called you back for a depo?

18 A. Correct.

19 Q. So -- but that wasn't in an expert witness
20 capacity, correct?

21 A. It was not.

22 Q. Have you ever been offered as an expert
23 witness but not qualified by the Court?

24 A. No.

25 Q. What did you do to prepare for your deposition

1 A. I think it's market value. I think it's any
2 value that I can think of offhand.

3 Q. Well, as you know, you know, in valuation
4 parlance, you know, "market value" has a specific
5 meaning.

6 It, you know, involves utilizing the property
7 for the highest and best use. It's also evidence in a
8 transaction between a willing buyer and a willing seller.

9 When you used "market value" just a moment
10 ago, is that what you are referring to or are you
11 referring to something else?

12 A. Please understand that I'm not a broker, I'm
13 not an appraiser, and I'm not an attorney. I'm using
14 those in the most generic sense of the terms.

15 Q. But you're an expert witness here opining on a
16 valuation issue, correct?

17 A. Yes.

18 Q. Okay. So I'm trying to understand. When it
19 says "value" here, you know, is that market value as I've
20 described it or is it something else? Because it's
21 important.

22 A. It's market value as if nobody is going to buy
23 it.

24 Q. With the properties at their highest and best
25 use?

1 Q. And, again, I think you said you only looked
2 at the last five years, is that correct?

3 A. Four or five years. Something like that, yes.

4 Q. Did you also look at projected future
5 operations?

6 A. I looked at budgets.

7 Q. Through what period?

8 A. I believe it was the next projected budget, so
9 it was for the current budget year.

10 Q. And is that '13-'14 or '14-'15? I get those
11 confused all the time, how that works.

12 A. '13-'14.

13 Q. So you didn't look at any projected -- excuse
14 me -- strike that.

15 You didn't look at any projections regarding
16 the valuations past '13-'14?

17 A. No.

18 Q. And you didn't conduct or prepare any other
19 valuations independently, on your own, for any future
20 operations, correct?

21 A. Correct.

22 Q. And you didn't conduct, for example, a DCF of
23 potential operations over a period of time and discount
24 that back, right?

25 A. I'm sorry, what's a DCF?

1 Q. Okay. So discounted cash flow analysis?

2 A. I did not.

3 Q. Have you ever done one of those?

4 A. No.

5 Q. Are you familiar with generally the
6 terminology?

7 A. Yes.

8 Q. And what's your understanding of the
9 terminology?

10 A. You look at future cash flows. You project
11 back based on the value of -- current value of money and
12 make an assessment of what the current value is of future
13 revenues.

14 Q. Have you ever done one of those?

15 A. No.

16 Q. We're going to go back to your expert
17 designation.

18 The yearly subsidies paid by the City to cover
19 operational deficits run by the courses. What does that
20 mean?

21 A. That means how much the City has to pay in
22 terms of upkeep and maintenance and operations of the
23 golf courses over and above the revenues that are
24 generated by the operator.

25 Q. And what's your understanding of -- on a

1 A. I don't recall. It was in the neighborhood of
2 \$7,000.

3 Q. Did he share with you the methodology that he
4 employed in order to reach the conclusion that there was
5 no value and, therefore, no need to do a formal
6 appraisal?

7 A. He did not.

8 Q. But you confirmed he did not give you a formal
9 appraisal, correct?

10 A. That's correct.

11 Q. He didn't complete that work?

12 A. That's correct.

13 Q. Who made the decision for him not to produce a
14 formal appraisal?

15 A. I think the answer to that is an
16 attorney-client conversation that I had.

17 MR. HERMANN: In which case I instruct you not
18 to answer.

19 BY MR. MORSE: Q. And I assume you're going
20 to follow your counsel's advice?

21 A. Yes, sir.

22 Q. Okay. Was Mr. Hopper aware that you would
23 rely on his conversation where he told you that there was
24 no need to do an appraisal because there was no value to
25 the lease here in support of your expert opinion?

EXHIBIT J

1 deposition appears on page 4, on line 6, as to the
2 specifics of your opinion.

3 It now reads, "Mr. Toppenberg may testify that
4 a lease on Oak Park, Swenson Golf Course, and Van Buskirk
5 Golf Course has virtually no value."

6 Do you see that?

7 A. Yes.

8 Q. And at your last deposition, the two words
9 "Oak Park" and I believe there was also a comma that were
10 not included in this document, is that correct?

11 A. I believe so.

12 Q. Okay. But now this has been corrected and
13 we're here to talk about, among other things, your
14 opinion as to Oak Park.

15 Is that your understanding?

16 A. Yes.

17 Q. And pursuant to Exhibit 2079 you, quote, "May
18 testify that a lease on Oak Park has virtually no value."

19 First of all, Oak Park, I just want to make
20 sure that we're all on the same page. I'm going to hand
21 you Exhibit 2040, which is just the plan, and if you turn
22 to page 16, beginning on line 5, there's a definition
23 from Oak Park that reads the following, "Oak Park means
24 the public park of approximately 61.2 acres in the City
25 bounded on the east by Union Pacific Railroad tracks, on

1 calculations?

2 MR. HERMANN: Objection, that's vague and
3 ambiguous. What do you --

4 MR. MORSE: Let me.

5 MR. HERMANN: -- what do you mean by "those
6 calculations"?

7 BY MR. MORSE: Q. You haven't -- your opinion
8 doesn't cover any value of the leases to the City, is
9 that right?

10 A. That's correct.

11 Q. Would it be a different methodology if you
12 were trying to determine the value of the leases to the
13 City?

14 A. Yes.

15 Q. How so? Have you thought about what that
16 value might be?

17 A. I have not thought about what the value might
18 be.

19 Q. Have you been asked to consider what the value
20 of the leases to the City is?

21 A. No.

22 Q. Do you understand that you will be asked to do
23 that at trial?

24 A. I'm not sure.

25 Q. To arrive at the zero value to Franklin, you

1 didn't prepare any actual calculations to support that
2 opinion, did you?

3 A. I did not.

4 Q. And the same goes for the zero value to a
5 third party other than Franklin, you didn't prepare any
6 actual calculations to support that opinion, correct?

7 A. That's correct.

8 Q. I want to move on to the next sentence in
9 Exhibit 2079, which sets forth the basis for the opinion
10 that we just went through. I'll read it to you, and then
11 we'll go through it.

12 "Mr. Toppenberg's testimony on this issue will
13 be based on his professional experience in the property
14 market, the historical performance of these properties,
15 the yearly subsidies paid by the City to cover
16 operational deficits run by the courses, conversations
17 Mr. Toppenberg has had with appraisers who have stated
18 that the golf courses have no value, and past, current
19 and projected economic conditions in the City."

20 Do you see that, sir?

21 A. Yes.

22 Q. And those are the bases of the opinion about
23 Oak Park, right?

24 A. Yes.

25 Q. And the golf courses as well, is that right?

1 A. Background information related to his
2 approach.

3 Q. And what's your understanding of that
4 approach?

5 A. He would evaluate revenues and income related
6 to the park.

7 Q. Over what period of time?

8 A. I don't recall that we discussed that.

9 Q. But yet he was able to conclude that it wasn't
10 worth doing a formal appraisal?

11 A. I made the conclusion that it was not worth
12 doing the appraisal.

13 Q. Based on your discussions with him?

14 A. Correct.

15 Q. Did he understand that those discussions would
16 form the basis of your expert opinion in this case?

17 A. No.

18 MR. MORSE: Counsel, we'd love to have all
19 e-mails or other communications with Mr. Ziegenmeyer to
20 the extent those exist and to understand what documents
21 and other background information that he reviewed.

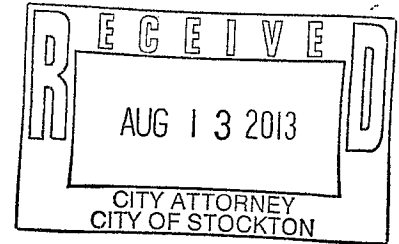
22 MR. HERMANN: We will look for those.

23 MR. MORSE: Q. Was Mr. Ziegenmeyer paid a fee
24 for his service by the City?

25 A. Not for Oak Park.

EXHIBIT K

J. Kenneth Hopper, MAI, SGA
6740 N. West Avenue, Suite 107
Fresno, California 93711
(559) 261-9136 FAX (559) 261-9165
Email jkhopper@rpaappraisal.com



August 2, 2013

John Luerbberke
City Attorney
City of Stockton
425 N. El Dorado Street, 2nd Floor
Stockton, CA 95202

Dear Mr. Luebberke:

Thank you for choosing J. Kenneth Hopper MAI, SGA for your valuation service needs. I am confident that you will be satisfied with the services that we offer.

Enclosed please find our Agreement for Services. If this Agreement is acceptable to you, please sign and return to our office via fax or email. Once we receive the signed Agreement from you, we will expedite your request.

If you have any questions, please don't hesitate to contact me. I can be reached at 559-261-9136 or by email at jkhopper@rpaappraisal.com.

Again, thank you for choosing J. Kenneth Hopper MAI, SGA.

Sincerely,

J. Kenneth Hopper, MAI, SGA
CA #AG001855

Enclosure.

**AGREEMENT FOR PROFESSIONAL APPRAISAL SERVICES
J. Kenneth Hopper, MAI, SGA**

DATE OF AGREEMENT: August 2, 2013

PARTIES TO AGREEMENT:

Client:

John Luebberke
City Attorney
City of Stockton
425 N. El Dorado Street, 2nd Floor
Stockton, CA 95202
Phone:
Fax:
Email: John.Luebberke@stocktongov.com

APPRAISER:

J. Kenneth Hopper, MAI, SGA
Real Property Analysts
6740 N. West Avenue, Suite 107
Fresno, California 93711
Phone: 559-261-9136
Fax: 559-261-9165
Email: jkhopper@rpaappraisal.com

Client hereby engages Appraiser to complete an appraisal assignment as follows:

Property Identification:

Swensen Park & Van Buskirk Golf Courses.

Property Type:

Municipal Golf Courses.

Ownership Interest to be Appraised:

Fee Simple.

Intended Users:

Mr. John Luebberke, City Attorney.

Note: No other users are intended by the Appraiser. Appraiser shall consider intended users when determining the level of detail to be provided in the Appraisal Report.

Intended Use of Appraisal:

To assist client and intended users in making planning and litigation decision.

Note: No other use is intended by the Appraiser. The intended use shall be used by Appraiser in determining the appropriate Scope of Work for the assignment.

Type of Value:

Fair market value as defined in Section 1263.320 of the California Code of Civil Procedure.

Date of Value:

Date of Property Inspection.

AGREEMENT FOR PROFESSIONAL APPRAISAL SERVICES J. Kenneth Hopper, MAI, SGA

Hypothetical Conditions/Extraordinary Assumptions:

No hypothetical conditions or extraordinary assumptions are anticipated.

Applicable Requirements:

The appraisal will be prepared to the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) and comply with and be subject to the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.

Scope of Work:

The property will be personally inspected by J. Kenneth Hopper MAI, SGA.

Valuation Approaches:

In the valuation of this property, all approaches necessary to produce a credible opinion of value will be used.

Report Option:

The value conclusions will be transmitted to client in a narrative, restricted use appraisal report.

Delivery Date:

On or before October 10, 2013.

Number of Copies:

3 hard copies with original signatures + PDF copy with electronic signatures.

Payment to Appraiser:

The fee for this assignment is \$15,000.00, payable as follows: 50% of the fee is due and payable as a retainer to accompany this executed agreement, with the balance due and payable upon completion of the assignment.

Confidentiality:

The appraiser shall not provide a copy of the written Appraisal Report to, or disclose the results of the appraisal prepared in accordance with this Agreement with any party other than the Client unless the Client authorizes, except as stipulated in the Confidentiality Section of the Ethics Rule of the Uniform Standards of Professional Appraisal Practice (USPAP).

Changes to Agreement:

Any changes to the assignment as outlined in this Agreement shall necessitate a new Agreement. The identity of the client, intended users or intended use, date of value, type of value, or property appraised cannot be changed without a new Agreement.

Cancellation:

Client may cancel this Agreement at any time prior to the Appraiser's delivery of the Appraisal Report upon written notification to the Appraiser. Client shall pay Appraiser for work completed

AGREEMENT FOR PROFESSIONAL APPRAISAL SERVICES

J. Kenneth Hopper, MAI, SGA

on the assignment prior to Appraiser's receipt of written cancellation notice, unless otherwise agreed upon by Appraiser and Client in writing.

No Third Party Beneficiaries:

Nothing in this Agreement shall create a contractual relationship between the Appraiser or the Client and any third party, or any cause of action in favor of any third party. This Agreement shall not be construed to render any person or entity a third party beneficiary of this Agreement, including, but not limited to, any third parties identified herein.

Use of Employees or Independent Contractors:

Appraiser may use employees or independent contractors at Appraiser's discretion to complete the assignment, unless otherwise agreed by the parties. Notwithstanding, Appraiser shall sign the written Appraisal Report and take full responsibility for the services provided as a result of this Agreement.

Testimony at Court or Other Proceedings:

Unless otherwise stated in this Agreement, Client agrees that Appraiser's assignment pursuant to this Agreement shall not include the Appraiser's participation in or preparation for; whether voluntarily or pursuant to subpoena, any oral or written discovery, sworn testimony in a judicial, arbitration or administrative proceeding, or attendance at any judicial, arbitration or administrative proceeding relating to this assignment. Should any of these services become necessary, they will be billed separately at the rate of \$300 per hour.

Appraiser Independence:

The Appraiser cannot guarantee to provide a value opinion that is contingent on a predetermined amount. The Appraiser cannot guarantee the outcome of the assignment in advance. The Appraiser cannot insure that the opinion of value developed as a result of this Assignment will serve to facilitate any specific objective by Client or others, or advance any particular cause. The Appraiser's opinion of value will be developed competently and with independence, impartiality and objectivity.

Expiration of Agreement:

This Agreement is valid only if signed by both Appraiser and Client within 7 days of the Date of Agreement specified.

Governing Law & Jurisdiction:

The interpretation and enforcement of this Agreement shall be governed by the laws of the State in which the Appraiser's principal place of business is located, exclusive of any choice of law rules.

Information Needed to Complete Appraisal:

In order to appraise this property, client will need to provide as much of the following information as possible:

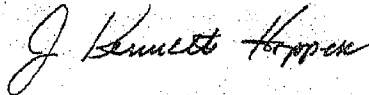
- a) Plans and specifications for currently improved properties.
- b) Title report.

AGREEMENT FOR PROFESSIONAL APPRAISAL SERVICES
J. Kenneth Hopper, MAI, SGA

- c) Copies of leases.
- d) Income and Expenses Statements for the past five (5) years.
- e) Rounds of play at each golf course for past five (5) years
- f) List of major capital improvements (over \$50,000) made during the past five (5) years.
- g) Information on any sale, listing or offer on the property during the past five (5) years (copies of relevant contracts). This would include any current contract of sale, if any.
- h) Person to contact to arrange an inspection.
- i) Information regarding the existence, if any, of contamination, soil problems or other property deficiencies.
- j) Any other information that might assist us in appraising the property.

By signing this Agreement, Client agrees to its terms and conditions. Further, Client declares that he/she is the party responsible for the payment of the fee quoted herein. Client also agrees to the Standard Terms of Appraisal Assignment attached to this Agreement as Exhibit "A".

APPRAISER:

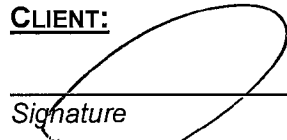


Signature

J. Kenneth Hopper, MAI, SGA
Printed Name

September 29, 2012
Date

CLIENT:



Signature

John Luerbberke
Printed Name

8-13-13

Date

EXHIBIT "A"
STANDARD TERMS OF APPRAISAL ASSIGNMENT

- 1) Acceptance of this agreement assumes that the client will provide all necessary information needed for the appraisal on a timely and truthful basis. A delay in receipt of information may delay completion of the assignment.
- 2) The fee quoted is based on our understanding of the assignment as outlined in the scope of work. Changes in scope will be billed at our normal hourly rates. The fee and estimated completion time are subject to change if the property is not as outlined in our proposal, or if issues come to light during the course of our investigation which, in our opinion, necessitate such change. If the client places an assignment "on hold", then reactivates the appraisal, an additional charge may apply, due to inefficiency created. If we are requested or required to provide testimony as a result of this appraisal, testimony and preparation time will be charged at our normal hourly rates.
- 3) This appraisal shall be used only for the function outlined in the attached letter, unless expressly authorized by J. Kenneth Hopper MAI, SGA. The format and value reported may or may not be valid for other purposes.
- 4) Unless otherwise noted, the appraisal will value the property as though free of contamination. J. Kenneth Hopper MAI, SGA will conduct no hazardous materials or contamination inspection of any kind. It is recommended that the client secure appropriate inspections from qualified experts if the presence of hazardous materials or contamination poses any concern. J. Kenneth Hopper MAI, SGA is not responsible for costs incurred to discover or correct any deficiencies of any type present in the property, physically, financially, and/or legally.
- 5) Client is retaining the firm, and not any particular appraiser. One or more appraisers and other staff may assist in the assignment.
- 6) Our standard payment policy is as follows: the balance is due upon presentation of the invoice; if payment is not made within 30 days of date due interest at the rate of 1.5% per month will be added to the principal from the due date to date payment is received, and you shall pay all expenses of collection, including court costs and attorney fees. J. Kenneth Hopper MAI, SGA shall be under no obligation to continue work on an assignment that is not paid current. *The fee for this appraisal is not contingent upon the valuation of the property*, the funding of any loan or outcome of litigation. Any opinions we may have expressed about the outcome of your matter or case are expressions of our opinions only and do not constitute any guarantee about the outcome.
- 7) Should the assignment be terminated prior to completion, you agree to pay for time and costs incurred prior to our receipt of written notice of cancellation.
- 8) If this assignment includes a provision for work performed on an hourly billing basis, such work is subject to periodic adjustment to our then-current rates. J. Kenneth Hopper MAI, SGA shall provide 30-day's notice to client prior to any rate increase. If client chooses not to consent to the increased rates, client may terminate J. Kenneth Hopper MAI,

EXHIBIT "A"
STANDARD TERMS OF APPRAISAL ASSIGNMENT

SGA's services by written notice effective when received by J. Kenneth Hopper MAI, SGA.

- 9) If this assignment includes a provision for work on an hourly billing basis, client acknowledges that J. Kenneth Hopper MAI, SGA has made no promises about the total amount of fees to be incurred by client under this agreement.
- 10) You and J. Kenneth Hopper MAI, SGA both agree that any dispute over matters in excess of \$5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, by agreeing to binding arbitration, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event client asserts a claim against J. Kenneth Hopper MAI, SGA, damages recoverable, if any, shall not exceed the fees actually paid to J. Kenneth Hopper MAI, SGA.
- 11) J. Kenneth Hopper MAI, SGA shall have no obligation, liability, or accountability to any third party. Any party who is not the "client" or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of J. Kenneth Hopper MAI, SGA. "Client" shall not include partners, affiliates or relatives of the party named in the engagement letter. Client shall hold J. Kenneth Hopper MAI, SGA and its employees harmless in the event of any lawsuit brought by any third party, lender, partner or part owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in case of lawsuit arising from or in any way involving these appraisal services, client will hold J. Kenneth Hopper MAI, SGA harmless from and against any liability, loss, cost or expense incurred or suffered by J. Kenneth Hopper MAI, SGA in such action, regardless of its outcome.
- 12) Distribution of this report is at the sole discretion of the client, and we will make no distribution without the specific direction of the client. However, in no event shall client give a third party a partial copy of the appraisal report.
- 13) This agreement contains the entire agreement of the parties. No other agreement, statement or promise made on or before the effective date of this agreement will be binding on the parties. This agreement may be modified by subsequent agreement of the parties.

EXHIBIT L



September 30, 2013

CONFIDENTIAL AND PRIVILEGED

John M. Luebberke, esq
City Attorney
City of Stockton
425 N. El Dorado Street, 2nd Floor
Stockton, CA 95202

Marc Levinson, esq
Orrick, Herrington & Sutcliffe LLP
777 South Figueroa Street, Suite 3200
Los Angeles, Ca 90017-5855

RE: Proposal and Contract for Appraisal Services
Oak Park and the Swenson (park portion) and Van Buskirk (park portion) Properties
Stockton, California

Dear Messrs. Luebberke and Levinson:

Thank you for considering Seevers • Jordan • Ziegenmeyer for your real estate valuation needs. Enclosed is our Proposal to appraise the above referenced properties. Should you choose to proceed, this document also serves as the Contract for Appraisal Services described herein. If the terms of this proposal and contract are agreeable, please return a signed copy to our office, along with the retainer (\$15,000), and we will begin the appraisal process.

If you have any questions, please do not hesitate to contact me or Lance. We can be reached at (916) 435-3883, or by e-mail at kevin@seevers.com – lance@seevers.com.

Thank you very much for this opportunity. I look forward to working with you.

Sincerely,

Kevin K. Ziegenmeyer, Partner

/jab

CONTRACT FOR APPRAISAL SERVICES

DATE OF AGREEMENT: September 30, 2013

PARTIES TO AGREEMENT:

<p>Client: John M. Luebberke City Attorney City of Stockton Address: 425 N. El Dorado Street, 2nd Floor City, State, Zip: Stockton, CA 95202 Phone: (209) 937-8333 E-mail: john.luebberke@stocktongov.com</p>	<p>Appraiser: Kevin Ziegenmeyer Seevers Jordan Ziegenmeyer 3825 Atherton Road, Suite 500 Rocklin, CA 95765 (916) 435-3883 kevin@seevers.com</p>
<p>Client: Marc Levinson, esq Address: 425 N. El Dorado Street, 2nd Floor City, State, Zip: Stockton, CA 95202 E-mail: mlevinson@orrick.com</p>	

STAFF ASSIGNED

The appraisal team for this assignment will consist of Raymond Smith, MAI, Lance Jordan, MAI, Kevin Ziegenmeyer, Partner and Justin Kobilis, Senior Appraiser. Raymond Smith, MAI is to be identified as the expert witness for any testimony associated with this assignment. Mr. Smith will provide consulting services to our firm relative to this assignment. Mr. Smith's compensation is included in the not-to-exceed fee(s) cited on page 6 of this contract.

PROPERTY IDENTIFICATION

Property #1: **Oak Park**
According to City records there are two parcels that comprise Oak Park, noted as follows:

APN 115-270-01 (45 acres) and APN 115-270-02 (11 acres)

Property #1 was originally developed as a public park and continues to be used for that purpose. Oak Park's public recreation uses are extensive and include several tennis courts, baseball fields (including field with stadium seating), soccer fields, disc golf, an ice-skating rink, and senior center, as well as playground and BBQ/picnic areas.

It is our understanding that the subject property is restricted to public use for recreation via zoning and/or General Plan designation. The City of Stockton has informed the appraisers that a tenant would not have standing to apply for a variance or new zoning and it is unlikely that the City would ever approve a change in zoning in any event; thus, the appraisal is premised on the assumption the current use is to remain in perpetuity. General Assumptions and Limiting Conditions, as well as *Extraordinary Assumptions*, are included as enclosures with this proposal.

In the valuation of public use properties, it is a common practice in the appraisal industry to base market valuations on a particular property's highest and best *economic* use. Thus, use conversions are often considered and the property is appraised based on the alternative, maximally productive, economically viable use.

However, under the recreation use restriction, the subject's economic potential becomes severely limited. As a result, there will be a discernible negative impact on the market value estimate when compared to what the market value of the property would be without the use restriction appraisal premise (which would consider alternative uses of the property as described above).

It is anticipated that the market value of the subject will be estimated using the income capitalization approach. As a park, the subject has the potential to generate income from either leasing the property to an operator or generating income as a going-concern, which operates the recreational venues at the park. Under the income approach to value we will analyze the income-generating potential of the subject based on its continued use as a park. We will rely heavily on the subject's income/expense history in this portion of the valuation to establish the market rent of the entire property (or its components) and the right to generate income from all currently available sources of revenue. Adding new recreational uses to the property would be highly speculative and potentially not allowed based on issues of legal permissibility, traffic mitigation, etc. The subject will be appraised with only the existing uses of the park property considered. The expenses necessary to generate the income stream of the subject will be deducted to provide an estimate of the net operating income attributable to the subject property. It is anticipated that the value estimate via the income approach will be derived by yield capitalization (discounted cash flow analysis).

We also anticipate utilizing the Cost Approach to assist in the allocation of value for the components of the subject appraised as a going-concern. The Cost Approach analysis will begin by determining the market value of the underlying land (with the public recreation use restriction in place). Then we will estimate the replacement cost for all building and site improvements currently constructed on the property, including, but not limited to, the baseball and soccer fields, the swimming pool, the skating rink, the senior center, the various playground and BBQ/picnic areas and all site improvements, including parking lots, interior roads, concrete walkways, etc. Depreciation estimates will then be made for all site and building improvements. The depreciated cost of the improvements will be added to the market value estimate of the subject's underlying land resulting in an indication of current market value of the subject based on a cost approach analysis (fee simple).

We anticipate not employing the traditional Sales Comparison approach to value for the subject property. Based on our experience in the appraisal of real property, we are not aware of the sale of public recreation use properties like the subject for continued use as a recreational property.

As we have alluded to above, it is our opinion at the outset of this assignment, the appraised property, subject to the recreation use restriction, has limited desirability from a real estate investment perspective. It is highly likely the market value of the subject without the use restriction would be measurably higher than the market value under the appraisal conditions noted above. However, appraising the property under this hypothetical condition (excluding the underlying zoning ordinance and/or legal constraints) is beyond the scope of this analysis.

Property #2:

Van Buskirk Property (park portion)

According to City records the subject represents a portion of a larger parcel.

APN 163-070-36 (acres to be determined)

At the client's request, Property #2 will also be appraised under the public recreation use appraisal premise described under the Property #1 heading.

Property #2 is described as the park portion of the Van Buskirk property. This property consists of approximately 20 acres, which are bordered by Houston Avenue, the E. San Joaquin River, the golf course, and S. Manthey Road, and consists of a 5,000± square foot recreation building, two baseball fields, paved parking areas, an 8,600± square foot gymnasium, outdoor playground, tennis courts, an outdoor restroom complex and basketball courts.

The scope of work and valuation methodologies employed for Property #2 will be identical to those described for Property #1. Once again, it is noted the market value of Property #2, under the use restrictions noted (public recreation use restriction), is likely measurably below the market value without this use restriction.

Property #3:

Swenson Property

According to City records the subject represents a portion of a larger parcel.

APN 097-110-24 (9± acres – *portion of*)

At the client's request, Property #3 will also be appraised under the public recreation use appraisal premise described under the Property #1 heading.

Property #3 is described as the park portion of the Swenson property. This portion of the property is situated at the southwest corner of Firemile Creek and Alexandria Place. The land area for property #3 is to be determined.

This subject property consists of shared paved parking areas (shared with golf course users), outdoor playground, tennis courts, an outdoor restroom complex, hardball/racquetball court and a basketball court.

The scope of work and valuation methodologies employed for Property #3 will be identical to those described for Property #1. Once again, it is noted the market value of Property #3, under the use restrictions noted (public recreation use restriction), is likely measurably below the market value without this use restriction.

PROPERTY TYPE

- ☐ Vacant Land
- ☐ Retail Building
- ☐ Office Building
- ☐ Industrial Building
- ☐ Subdivision (___ lots)
- ☐ Apartment (___ units)
- ☒ Other (Oak Park, Van Buskirk property (park portion) and Swenson Property (park portion))

INTEREST VALUED

- ☐ Fee Simple
- ☒ Leasehold
- ☐ Leased Fee
- ☐ Other

INTENDED USERS

- ☒ Client
- ☐ Other

Note:

No other users are intended by the Appraiser

INTENDED USE

- ☐ To assist Client in making a lending decision
- ☐ To assist Client in negotiating a purchase price
- ☐ To assist Client in establishing an asking price
- ☐ To assist Client in determining just compensation
- ☐ To assist Client in tax planning or tax reporting
- ☒ To assist Client in asset monitoring
- ☒ Other - Possible Litigation

Note:

No other use is intended by Appraiser. The intended use as stated shall be used by Appraiser in determining the appropriate scope of work for the assignment.

TYPE OF VALUE

- ☒ Market value as defined by the Federal Register
- ☐ Use value defined by _____
- ☐ Investment value as defined by _____
- ☐ Replacement cost new _____
- ☐ Other

DATE OF VALUE

- ☒ Current inspection date
☐ Retrospective date _____
☐ Prospective date _____

HYPOTHETICAL CONDITIONS, EXTRAORDINARY ASSUMPTIONS

Described as follows:

- ☐ N/A
☒ See appendix
☐ None anticipated

INSPECTION OF PROPERTY

- ☒ Interior and exterior observation
☐ Exterior observation only
☐ None

VALUATION APPROACHES

- ☒ Cost approach
☐ Sales Comparison approach
☒ Income capitalization

APPRAISAL REPORT FORMAT

- ☐ Self-Contained Appraisal Report
☒ Summary Appraisal Report
☐ Restricted Use Appraisal Report

CONTACT FOR PROPERTY ACCESS, IF APPLICABLE

Name: Please Provide
Phone: Please Provide

ADDITIONAL DOCUMENTATION

Client agrees to provide Appraiser with the documentation as indicated below.

- ☒ Preliminary title report (if available)
☒ Lease agreements (if applicable)
☒ Operating history (income and expenses for at least 3 years)
☒ Purchase agreement or offers (if within 3 years)
☒ Other (any other information the Client may believe to be germane to the valuation analysis)

ASSIGNMENT DELIVERY DATE

Provided that Client has performed Client's obligations set forth in this Agreement, Appraiser shall deliver the assignment results by **December 20, 2013** (based on our receipt of this executed contract and retainer no later than October 7, 2013), which shall be determined by submittal of this signed Agreement for Appraisal Services. To the extent Client or Client's contractors or agents are delayed in completing Client's obligations set forth in this Agreement, the foregoing Delivery Date shall be adjusted accordingly. The foregoing Delivery Date shall not constitute Appraiser's guarantee that the assignment will be completed within such time period; provided, however, that Appraiser will use commercially reasonable efforts to complete the assignment on or before the Delivery Date. In the event Appraiser is unable to complete the assignment within the time set forth herein, Appraiser shall provide Client with

reasonable notice of any anticipated delays, and Appraiser and Client shall in good faith agree upon an alternative Delivery Date or completion schedule.

DELIVERY METHOD

- ☐ Overnight Courier
- ☐ Hand Delivery
- ☐ Other _____
- ☒ Email (john.luebberke@stocktongov.com, mlevinson@orrick.com and val.toppenberg@stocktongov.com)

NUMBER OF COPIES: One (1) copy

PAYMENT TO APPRAISER

- Property #1: Not to exceed \$20,000**
- Property #2: Not to exceed \$5,000**
- Property #3: Not to exceed \$5,000**

A 50% retainer is requested (\$15,000) to begin the assignment.

COST OF SERVICES

If work beyond the scope discussed in this contract (i.e., litigation support, testimony, etc.) is requested, the costs would be based on the following hourly rates:

- Partner (for purposes of this assignment Ray Smith is at this billing rate) \$300 / hour
- Senior Appraiser \$225 / hour
- Appraiser \$175 / hour
- Research Analyst \$125 / hour
- Administrative Support \$50 / hour

As of the date of this contract, hourly rate work is not anticipated.

PAYMENT DUE DATE

Appraiser shall invoice Client for services rendered pursuant to this Agreement based upon the fees specified in this Agreement. Appraiser's invoice is considered due upon receipt by Client. **Final payment (\$15,000) will be required immediately preceding the delivery of the final reports on December 20, 2013.**

WHEN APPRAISER'S OBLIGATIONS ARE COMPLETE

Appraiser's obligations pursuant to this Agreement are complete when the Appraisal Report in the form specified in this Agreement is delivered to Client pursuant to this Agreement. Appraiser agrees to be responsive to Client's legitimate inquiries regarding the content of the Appraisal Report after delivery.

CONFIDENTIALITY

Appraiser will maintain the confidentiality of any Client information that is "Confidential Information" as defined in the Uniform Standards of Professional Appraisal Practice, using the same degree of care Appraiser uses in maintaining his or her own Confidential Information. Notwithstanding the foregoing, information or data will not be considered Client's "Confidential Information" unless such information or data is (1) disclosed by Client in tangible form and is conspicuously marked with "Confidential," "Proprietary" or words having similar meaning, or (2) disclosed in intangible form and orally identified as "Confidential Information" at the time of disclosure. "Confidential Information" shall not include (1) any information that is already in the possession of Appraiser; (2) information learned or deduced by Appraiser from another source without any reference to Client's Confidential Information; (3) information in the public domain; or (4) information required to be disclosed by operation of law or judicial or administrative rule, regulation or subpoena.

USE OF EMPLOYEES OR INDEPENDENT CONTRACTORS

Appraiser may use employees or independent contractors at Appraiser's discretion to complete the assignment, unless otherwise agreed by the parties. Notwithstanding, the Appraiser signing as the Party to this Agreement shall sign the written Appraisal Report and take full responsibility for the services provided as a result of this Agreement.

SERVICES NOT PROVIDED

The fees set forth in this Agreement apply to the appraisal services rendered by the Appraiser set forth in this Agreement. Unless otherwise specified herein, Appraiser's services for which the fees in this Agreement apply shall not include meetings with persons other than Client or Client's agents or professional advisors; Appraiser's deposition(s) or testimony before judicial, arbitration or administrative tribunals; or any preparation associated with such depositions or testimony. Any additional services performed by Appraiser not set forth in this Agreement will be performed on terms and conditions set forth in an amendment, or in a separate agreement.

TESTIMONY AT COURT OR OTHER PROCEEDINGS

Unless otherwise stated in this Agreement, Client agrees that Appraiser's assignment pursuant to this Agreement shall not include Appraiser's participation in or preparation for, whether voluntarily or pursuant to subpoena, any oral or written discovery; sworn testimony in a judicial, arbitration or administrative proceeding; or attendance at any judicial arbitration or administrative proceeding relating to this assignment.

CHANGES TO AGREEMENT

Any changes to the assignment as outlined in this Agreement shall necessitate an amendment or a new agreement. The client, intended users, intended use, date of value, type of value, or property appraised cannot be changed without a new agreement.

CANCELLATION

Client may cancel this Agreement at any time prior to Appraiser's completion of the assignment pursuant to this Agreement upon written notice delivered to Appraiser at Appraiser's address specified herein. Unless otherwise agreed by Appraiser and Client in writing, Client shall be obligated to pay Appraiser for all work completed prior to Appraiser's receipt of Client's cancellation notice, together with all out-of-pocket expenses incurred by Appraiser, at Appraiser's hourly rates specified in this Agreement, or, if the parties have not specified Appraiser's hourly rates in this Agreement, at Appraiser's regular hourly rates in effect at the time the work was performed.

GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by the laws of the state of California. The parties agree that any legal proceeding brought by either party to interpret or enforce this Agreement, or to enforce an arbitration award entered pursuant to this Agreement, shall be brought in a state or federal court having jurisdiction over the location of Appraiser's office as specified in this Agreement, and the parties hereby waive any objections to the personal jurisdiction of said court.

APPRAISER INDEPENDENCE

Appraiser cannot agree to provide a value opinion that is contingent on a predetermined result. Appraiser cannot guarantee the outcome of the assignment in advance. Appraiser cannot ensure that the opinion of value developed as a result of this assignment will serve to facilitate any specific objective of Client or others or advance any particular cause. Appraiser's opinion of value will be developed competently and with independence, impartially and objectively.

NOTICES

Any notice or request required or permitted to be given to any party shall be given in writing and shall be delivered to the receiving party by: a) registered or certified mail, postage prepaid; (b) overnight courier, such as Federal Express, United Parcel Service or equivalent; or (c) hand delivery. The address for delivery of any notice shall be the address for the party as specified in this Agreement or at such other address as party may designate by written notice to the other party in conformance with this paragraph. Unless otherwise specified herein, notice shall be effective the date it is postmarked or given to a third party, whether or not the receiving party signs for or accepts delivery of such notice.

NO THIRD-PARTY BENEFICIARIES

Nothing in this Agreement shall create a contractual relationship between Appraiser or Client and any third party, or any cause of action in favor of any third party. This Agreement shall not be construed to render any person or entity a third party beneficiary of this Agreement, including, but not limited to, any third parties identified herein.

OWNERSHIP OF WORK PRODUCT

The possession of the Appraisal Report, or any copy or portion thereof, by Client or any third party does not include or confer any rights of publication or redistribution of the Appraisal Report other than to such persons or entities identified in this Agreement who shall be advised in writing of Appraiser's rights under this Agreement prior to their receipt of the Appraisal Report. All rights, title and interest in (1) any data gathered by Appraiser in the course of preparing the Appraisal Report (excluding any data furnished by or on behalf of Client) and (2) the content of the Appraisal Report prepared pursuant to this Agreement shall be vested in Appraiser. Subject to the foregoing, Client shall have the right to possess a copy of the Appraisal Report and to disclose the report to Client's attorneys, accountants or other professional advisors in the course of Client's business affairs relating to the property that is the subject of the Appraisal Report, provided that such attorneys, accountants or advisors are advised in writing of Appraiser's rights under this Agreement prior to receipt of such Appraisal Report.

MEDIATION & ARBITRATION

In the event of a dispute concerning the subject matter of this Agreement, the parties shall in good faith attempt to resolve such dispute by negotiation between the parties' principals, or, if such negotiation is unsuccessful, by mediation conducted by a third-party mediator. If such mediation results in an impasse, the parties shall submit their dispute to binding arbitration. Such mediation or, if necessary, binding arbitration shall be conducted pursuant to the mediation procedures or the commercial arbitration rules of the American Arbitration Association. Any arbitration shall be conducted in the city in which

Appraiser's office as specified herein is located. The parties shall share equally the costs of any mediation. In the event of binding arbitration, the arbitrators shall, in addition to any relief appropriate to be awarded to the prevailing party, enter an award in favor of the prevailing party for that party's costs of the arbitration, including the party's reasonable attorneys' fees and arbitration expenses incurred in prosecuting or defending the arbitration proceeding. Subject to the right of the prevailing party to recover its share of the costs of the arbitration services pursuant to the arbitrator's award, the costs of the arbitration services shall be borne equally by the parties. If the prevailing party seeks judicial confirmation of any arbitration award entered pursuant to this Agreement, the court shall, in addition to any other appropriate relief, enter an award to the prevailing party in such confirmation proceeding for its reasonable attorneys' fees and litigation expenses incurred in confirming or successfully opposing the confirmation of such an award.

SPECIAL OR CONSEQUENTIAL DAMAGES

Neither party shall under any circumstances be liable to the other party for special, exemplary, punitive or consequential damages, including, without limitation, loss of profits or damages proximately caused by loss of use of any property, whether arising from either party's negligence, breach of the Agreement or otherwise, whether or not a party was advised, or knew of the possibility of such damages, or such possibility was foreseeable by that party. In no event shall Appraiser be liable to Client for any amount that exceeds the fees paid by Client to Appraiser pursuant to this Agreement.

ASSIGNMENT

Neither party may assign this Agreement to a third party without the express written consent of the other party, which the non-assigning party may withhold in its sole discretion. In the event this Agreement is assigned by mutual consent of the parties, it shall become binding on the assigning party's permitted assigns.

SEVERABILITY

In the event any provision of this Agreement shall be determined to be void or unenforceable by any court of competent jurisdiction, then such determination shall not affect any other provision of this Agreement and all such other provisions shall remain in full force and effect.

CLIENT'S DUTY TO INDEMNIFY APPRAISER

Client agrees to defend, indemnify and hold harmless Appraiser from any damages, losses or expenses, including attorneys' fees and litigation expenses at trial or on appeal, arising from allegations asserted against Appraiser by any third party that if proven to be true would constitute a breach by Client of any of Client's obligations, representations or warranties made in this Agreement, or any violation by Client of any federal, state or local law, ordinance or regulation, or common law (a "Claim"). In the event of a Claim, Appraiser shall promptly notify Client of such Claim, and shall cooperate with Client in the defense or settlement of any Claim. Client shall have the right to select legal counsel to defend any Claim, provided that Appraiser shall have the right to engage independent counsel at Appraiser's expense to monitor the defense or settlement of any Claim. Client shall have the right to settle any Claim, provided that Appraiser shall have the right to approve any settlement that results in any modification of Appraiser's rights under this agreement, which approval will not be unreasonably withheld, delayed or conditioned.

CLIENT'S REPRESENTATIONS AND WARRANTIES

Client represents and warrants to Appraiser that (1) Client has all right, power and authority to enter into this Agreement; (2) Client's duties and obligations under this Agreement do not conflict with any other duties or obligations assumed by Client under any agreement between Client and any other party; and

(3) Client has not engaged Appraiser, nor will Client use Appraiser's Appraisal Report, for any purposes that violate any federal, state or local law, regulation or ordinance or common law.

EXTENT OF AGREEMENT

This Agreement represents the entire and integrated agreement between the Client and Appraiser and supersedes all prior negotiations, presentations or agreements, either written or oral. This Agreement may be amended only by a written amendment signed by both Client and Appraiser. This Agreement includes the following Appendices, which are incorporated into, and made a part of this Agreement:

☐ None
☒ Specify:
 Certification Statement (COPY)
 General Assumptions and Limiting Conditions
 Definition of Market Value
 Privacy Notice

EXPIRATION OF AGREEMENT

This Agreement is valid only if signed by both Appraiser and Client within 3 days of the Date of Agreement specified.

By Appraiser:



(Signature)

Kevin K. Ziegenmeyer

(Printed Name)

September 30, 2013

(Date)

By Client:

(Signature)

(Printed Name)

(Date)

CERTIFICATION STATEMENT

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- I have made an inspection of the property that is the subject of this report.
- Insert Name, Research Analyst, provided significant real property appraisal assistance to the person signing this certification.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- I certify that my State of California real estate appraiser license has never been revoked, suspended, cancelled, or restricted.
- I have the knowledge and experience to complete this appraisal assignment. Please see the Qualifications of Appraiser(s) portion of the Addenda to this report for additional information.
- As of the date of this report, I have completed the Standards and Ethics Education Requirement for Practicing Affiliates of the Appraisal Institute.

SAMPLE

Kevin Ziegenmeyer, Appraiser
State Certification No.: AG013567 (Expires June 4, 2015)

DATE

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report is subject to the following general assumptions and limiting conditions:

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. No responsibility is assumed for matters of law or legal interpretation.
3. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
4. The information and data furnished by others in preparation of this report is believed to be reliable, but no warranty is given for its accuracy.
5. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
6. It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
7. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless nonconformity has been identified, described and considered in the appraisal report.
8. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
9. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
10. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user of this report is urged to retain an expert in this field, if desired.

11. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I (we) have not made a specific survey or analysis of this property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. Since compliance matches each owner's financial ability with the cost-to cure the property's potential physical characteristics, the real estate appraiser cannot comment on compliance with ADA. A brief summary of the subject's physical aspects is included in this report. It in no way suggests ADA compliance by the current owner. Given that compliance can change with each owner's financial ability to cure non-accessibility, the value of the subject does not consider possible non-compliance. Specific study of both the owner's financial ability and the cost-to-cure any deficiencies would be needed for the Department of Justice to determine compliance.
12. The appraisal is to be considered in its entirety and use of only a portion thereof will render the appraisal invalid.
13. Possession of this report or a copy thereof does not carry with it the right of publication nor may it be used for any purpose by anyone other than the client without the previous written consent of Seevers Jordan Ziegenmeyer.
14. The liability of Seevers Jordan Ziegenmeyer and its employees for errors and omissions, if any, in this work is limited to the amount of its compensation for the work performed in this assignment.
15. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or any other media without the prior written consent and approval of Seevers Jordan Ziegenmeyer.
16. Acceptance and/or use of the appraisal report constitute acceptance of all assumptions and limiting conditions stated in this report.
17. An inspection of the subject property revealed no apparent adverse easements, encroachments or other conditions, which currently impact the subject. However, the exact locations of typical roadway and utility easements, or any additional easements, which would be referenced in a preliminary title report, were not provided to the appraiser. The appraiser is not a surveyor nor qualified to determine the exact location of easements. It is assumed typical easements do not have an impact on the opinion (s) of value as provided in this report. If, at some future date, these easements are determined to have a detrimental impact on value, the appraiser reserves the right to amend the opinion (s) of value.
18. This appraisal report is prepared for the exclusive use of the appraiser's client. No third parties are authorized to rely upon this report without the express consent of the appraiser.
19. The appraiser is not qualified to determine the existence of mold, the cause of the mold, the type of mold or whether the mold might pose any risk to the property or its inhabitants. Additional inspection by a qualified professional is recommended.

EXTRAORDINARY ASSUMPTIONS

This appraisal report is subject to the following extraordinary assumptions:

1. The subject property is currently zoned only for recreation use; the City has informed the appraisers that a mere tenant would not have standing to apply for a variance or new zoning, and it is unlikely that the City would ever approve a change in zoning in any event, and that is the reason the appraisal will consider only the current usage of the property. It is specifically assumed that only the existing uses and improvements would be permitted on the subject.
2. This analysis is exclusively concerned with the market value of the leasehold interest in the subject properties, under the recreational use restriction described in #1 above.
3. As a condition of this assignment the City has informed the appraisers to complete the valuation as if the leasehold position is held by an existing creditor of the City.
4. It is assumed the term of the leasehold will end on September 1, 2048: According to the lease agreement ... *“This Lease Agreement shall take effect on the date hereof, and shall end on the earlier of September 1, 2038, or such earlier date on which the Bonds shall no longer be Outstanding under the Indenture. If, on September 1, 2038, the Indenture shall not be discharged by its terms or if the Lease Payments payable hereunder shall have been abated at any time and for any reason, then the Term of the Lease Agreement shall be extended until there has been deposited with the Trustee an amount sufficient to pay all obligations due under the Lease Agreement, but in no event shall the Term of the Lease Agreement extend beyond September 1, 2048.”*

Note: It is possible that in the process of completing this assignment additional assumptions will be warranted to complete the analysis under the premise above. Any additional assumptions proposed will be brought to the attention of the client promptly.

DEFINITION OF MARKET VALUE

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹

¹ Code of Federal Regulations, Title 12, Section 34.42 (55 Federal Register 34696, Aug. 24, 1990; as amended at 57 Federal Register 12202, Apr. 9, 1992; 59 Federal Register 29499, June 7, 1994).

PRIVACY NOTICE

Our privacy principles: Seevers Jordan Ziegenmeyer is committed to protecting our clients and their financial information. This privacy statement addresses what nonpublic personal information we collect, what we do with it, and how we protect it.

What information we collect: We may collect and maintain several types of personal information in the course of providing you with appraisal services, such as:

- Information we receive from you on letters of engagement, tax forms, correspondence, or conversations, including, but not limited to, your name, address, phone number, and social security number
- Information about your transactions with us, including, but not limited to, parties to transactions and other financial information relating to your property.

What information we may disclose: We may disclose the nonpublic personal information about you described above, primarily to provide you with the appraisal services you seek from us. We may sometimes disclose nonpublic information about clients or former clients as required or permitted by law.

Who we share the information with: Unless you tell us not to, we may disclose nonpublic personal information about you to the following types of third parties:

- Financial service providers, such as banks and lending institutions.
- Non-financial companies such as data services.

EXHIBIT M



RatingsDirect®

Default, Transition, and Recovery:

U.S. Public Finance Defaults And Rating Transition Data: 2013 Update

Primary Credit Analyst:

Gabriel J Petek, CFA, San Francisco (1) 415-371-5042; gabriel.petek@standardandpoors.com

Secondary Contacts:

Valerie D White, New York (1) 212-438-2078; valerie.white@standardandpoors.com

Adam C Watson, Chicago (1) 312-233-7044; adam.watson@standardandpoors.com

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Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update

(Editor's Note: This is one in a series of articles on 2013 defaults and rating transitions.)

Although the number of defaults in U.S. public finance (USPF) ticked up during 2013, almost half were associated with one obligor: Detroit. Apart from these few exceptions, USPF as a whole continued to demonstrate ratings stability in 2013 and, if anything, moved in a positive direction. Upgrades across the nonhousing sectors (housing includes many ratings that reflect credit substitution from third-party banks or government-sponsored entities) outpaced downgrades at a rate of 3.03 to 1. In the housing sector, downgrades outnumbered upgrades by 3.00 to 1 in 2013, most of which reflected rating changes on the entities providing credit enhancement.

The positive tilt in rating actions throughout the nonhousing sectors was primarily a function of upgrades to tax-secured and appropriation-backed debt, many of which were subject to a significant criteria revision. Toward the end of the third quarter, Standard & Poor's Ratings Services published its revised rating criteria for local government general obligation (GO) bonds. Prior to its publication, we said that we expected the revised criteria would result in upgrades to roughly 30% of the local governments with a GO debt rating (and which would, in many instances, also affect their appropriation-backed debt ratings). Furthermore, we planned to implement the criteria revision on an accelerated basis for those ratings that we anticipated were most likely to change as a result of the new methodology. Consistent with this, a significant share of fourth-quarter rating activity, the majority of which was upgrades, relates to the criteria implementation. Strengthening economic fundamentals also provided lift to rating trends.

As a general proposition, for the years relevant to our study (Jan. 1, 1986 to Jan. 1, 2014), unenhanced debt (i.e., debt obligations not supported by financial guarantees, structuring techniques, multiple-party features, or other external credit support) rated by Standard & Poor's has shown significant credit stability throughout a broad range of events, including a changed economic environment, federal government mandates, tax reform measures, and any number of influences on general credit. The data suggest to us the following:

- There is a correlation between rating level and default whereby higher-rated issues have a lower rate of default and vice versa.
- Higher-rated issues generally take longer to default than lower-rated issues.
- Higher rating levels correspond to greater rating stability and vice versa.
- Rating distributions throughout the sector have remained relatively stable despite the economic stress through and following the Great Recession.

The public finance-wide conclusions and the aggregated tables focus on unenhanced debt and exclude public finance structured and housing debt. Because housing sector debt ratings reflect the credit quality from a mix of both public sector entities and external credit enhancement providers, we present conclusions from this sector in separate tables. The USPF types included in the study are:

- General obligation (GO),

Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update

- Lease/appropriation/moral obligation,
- Special tax (sales, gas, etc.),
- Special district,
- Water and sewer revenue,
- Public power,
- Airports,
- Ports,
- Toll roads and bridges,
- Parking,
- Various types of bond pools,
- Transit,
- Public and private higher education,
- Auxiliary higher education debt,
- Independent schools,
- Hospitals (stand-alone and systems),
- Continuing care, and
- Physicians' practices.

Sector Performance In 2013

Sixteen USPF (nonhousing) parity obligations defaulted in 2013, which is higher than the annual mean of 2.6 and median of 1 default since 1986 (see table 8). Two of the defaults in 2013 held investment-grade ratings prior to defaulting while 14 held speculative-grade ratings. One housing sector issuance defaulted in 2013. Since 1986, the mean and median annual number of housing defaults is 2.3 and 1, respectively.

Of the nonhousing defaulted parity obligations, 13 were in the tax-secured subsector (including appropriation obligations). One issue defaulted in each of the health care and higher education subsectors and one in the utility subsector. As a percentage of rated USPF obligations, the number of defaults in USPF remained low, reflecting, in our view, the generally resilient nature of the sector overall. Sixteen USPF issues rated by Standard & Poor's for the following nine obligors defaulted in 2013:

- Bradford Academy, Mich.;
- Detroit, Mich.;
- Fritch, Texas;
- Jefferson County, Ala.;
- Please Touch Museum, Pa.;
- Riverbank Redevelopment Agency, Calif.;
- Stockton, Calif.;
- Vadnais Heights, Minn.; and
- West Penn Allegheny Health System, Pa.

Additional information on recent one-, three-, five-, and 10-year ratings performance is detailed in Appendix I.

Chart 1

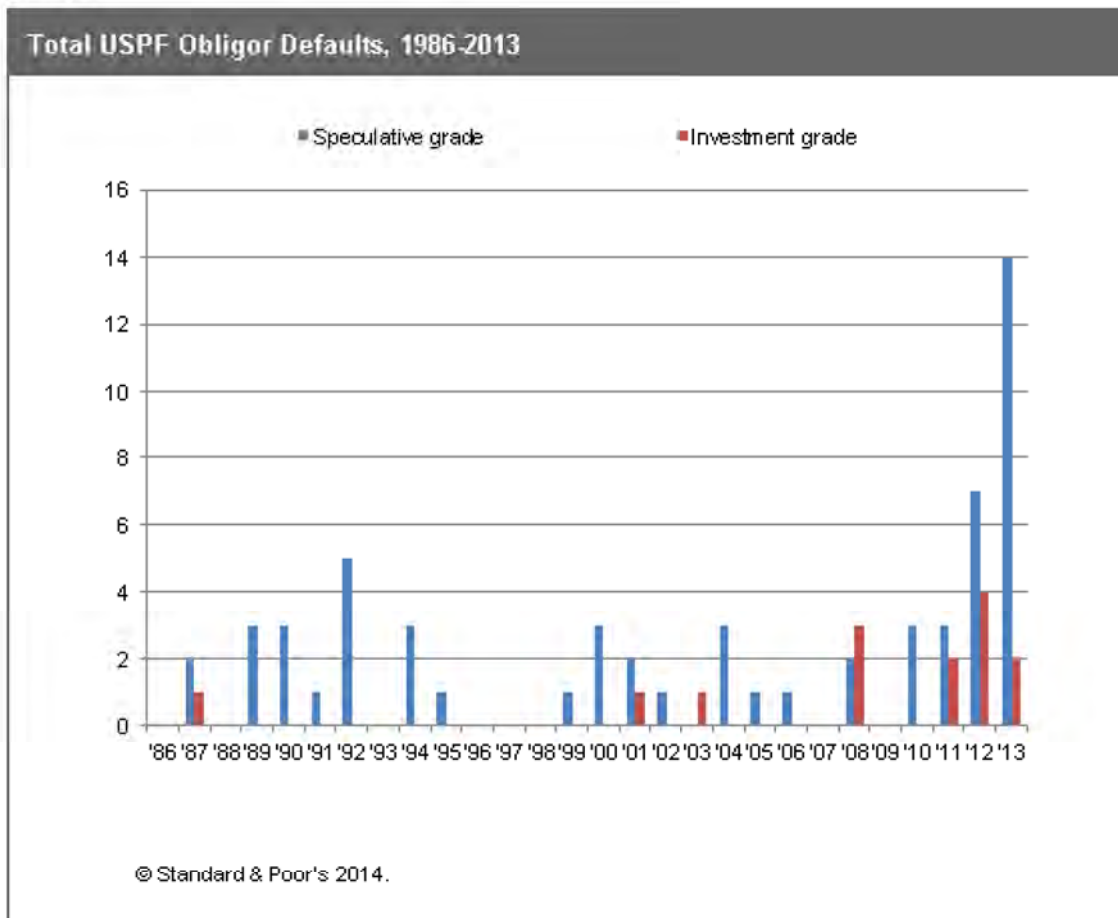
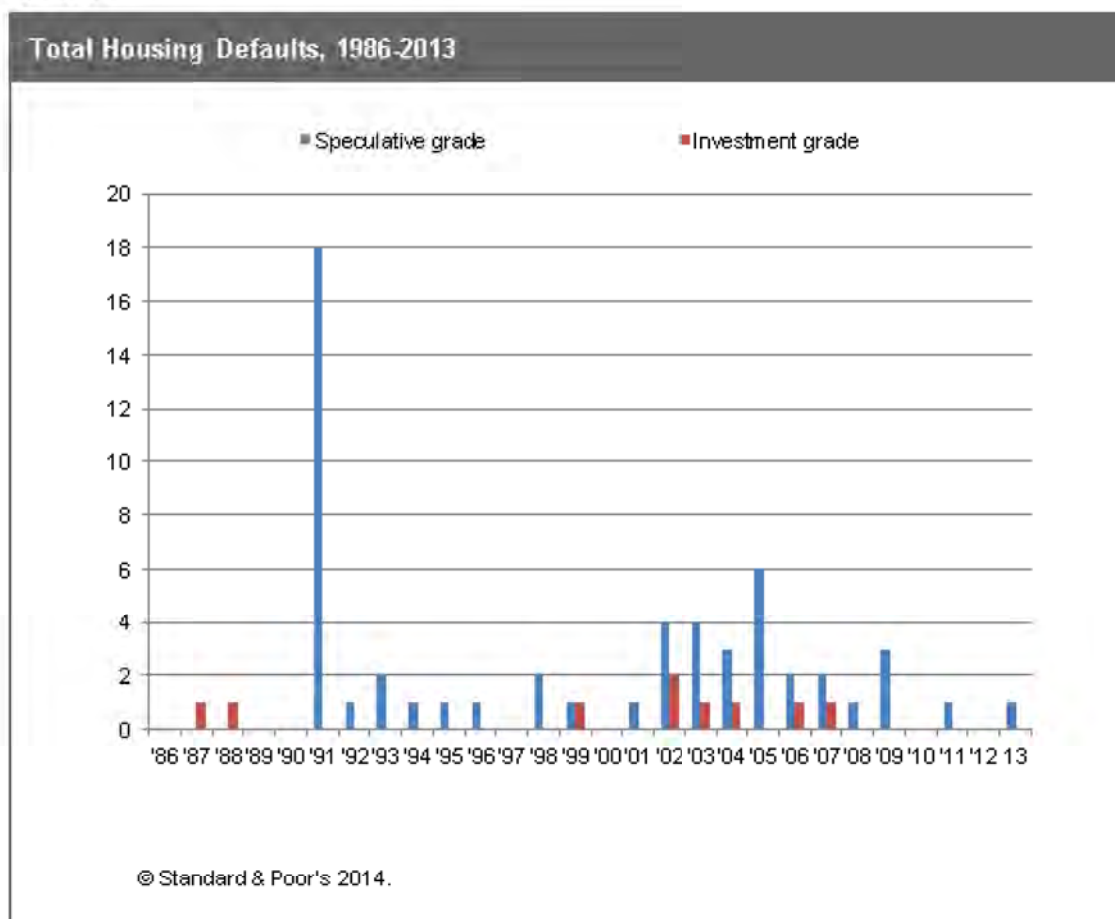


Chart 2



Transition Rates Remain Highly Stable

The study's transition analysis reveals the degree to which ratings change over time. In the transition tables, the vertical axis shows the rating at the beginning of the year; the horizontal axis the rating at the end of the year. If ratings never changed, 100% would appear along the diagonal. We believe the data show that, generally speaking, public finance ratings were highly stable during the period, particularly at the uppermost end of the scale (see tables 3 through 7). At the 'AAA' level, for example, about 96.8% of ratings during the relevant years remained at 'AAA' one year later, as shown in table 3. At 'BBB', however, ratings were about 86.7% likely to be at the same level a year later. During the period studied, higher rating categories experienced higher rating stability, without exception. Generally, for ratings 'A' or lower, the numbers to the left of the diagonal are greater than those to the right (excluding ratings that have been withdrawn, which are designated as 'NR'), showing a trend of more upgrades than downgrades over the years. The same general trend is borne out by examining rating transitions by modifier ("+" or "-") although we believe the sample size renders any conclusions tentative, particularly at the speculative-grade levels (see tables 4 and 6). Across sectors, we observe the general trend of ratings volatility increasing as credit quality declines, but directional movement varies. In health care, for example, downgrades were more likely than upgrades across the entire rating

Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update

scale. In housing, issues below investment grade similarly had more downgrades than upgrades. In all other sectors, upgrades were more likely than downgrades for ratings below the 'AA' category. See table 7 for the average one-year rating transition rates for each sector during the period covered by the study.

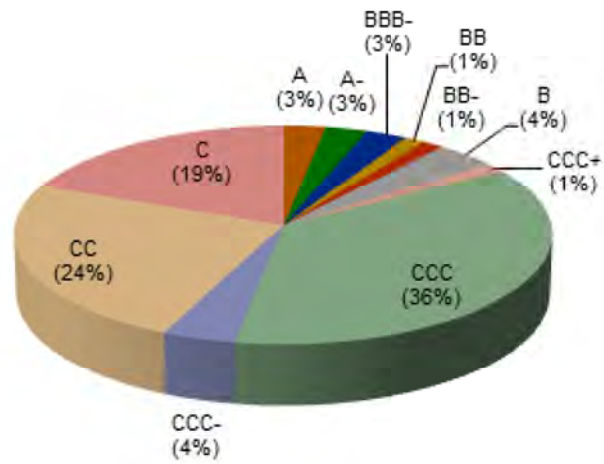
The Small Number Of Defaults Doesn't Represent All Of Public Finance

Standard & Poor's-rated USPF nonhousing obligor default counts over the course of the study vary from no defaults in eight of the years covered to a high of 16 defaults in 2013 (see table 8). Of the 73 total nonhousing obligor defaults in the study, 67 were speculative grade immediately before the default, as demonstrated in table 8. In the housing sector, defaults totaled 66 over the span, ranging from zero to 18 on an annual basis (see table 9). Of the 18 defaults occurring in 1991, we note that nearly all were related to the failure of Executive Life Insurance Co. as an investment agreement provider. A list of each USPF default and each housing default is provided in tables 10 and 11, respectively.

Although the number of defaults over these years has been low, relatively speaking, we do believe securities issued by municipalities can still bear meaningful default risk. For one thing, over the years in question, the municipal market has tended to be self-selecting -- municipal issuers of lower credit quality have generally not requested ratings. Correspondingly, the universe of rated municipalities is, as a general proposition, more creditworthy and, of course, less likely to default.

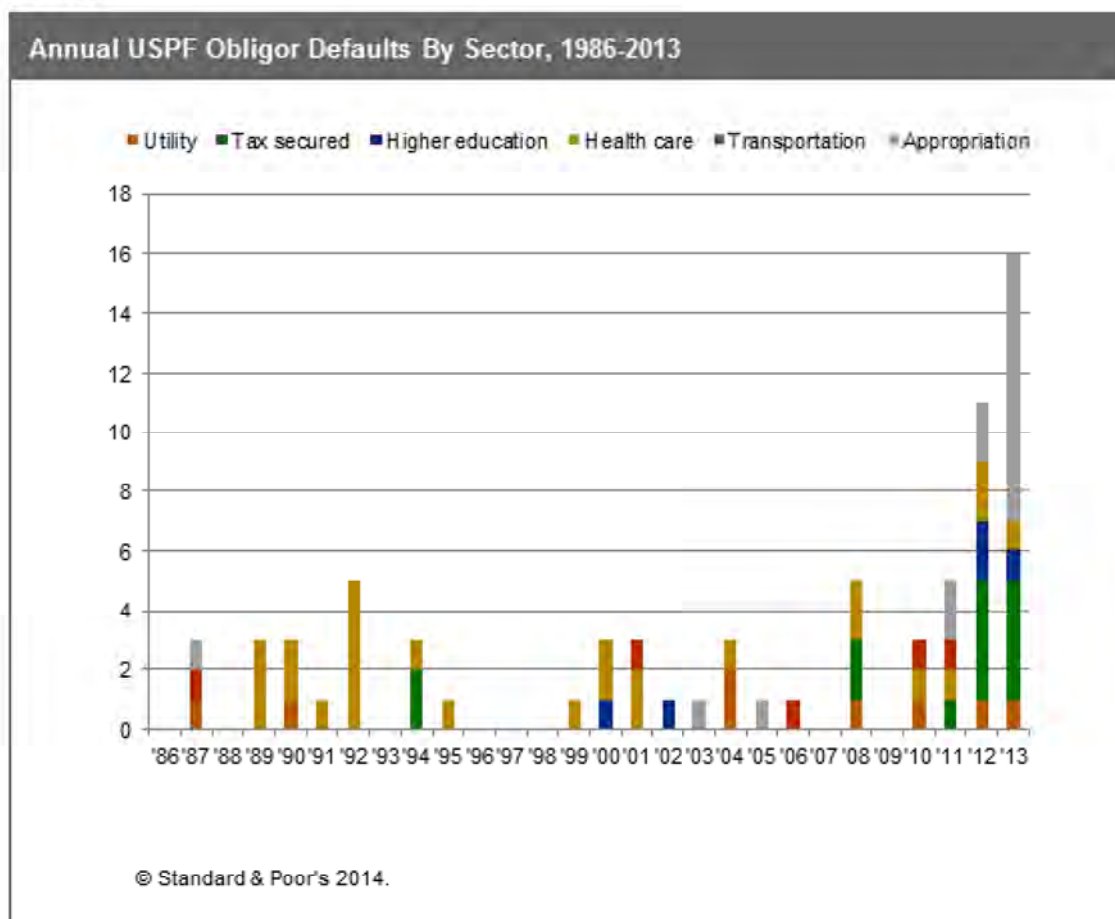
Chart 3

USPF Obligor Rating Distribution Prior To Default



© Standard & Poor's 2014.

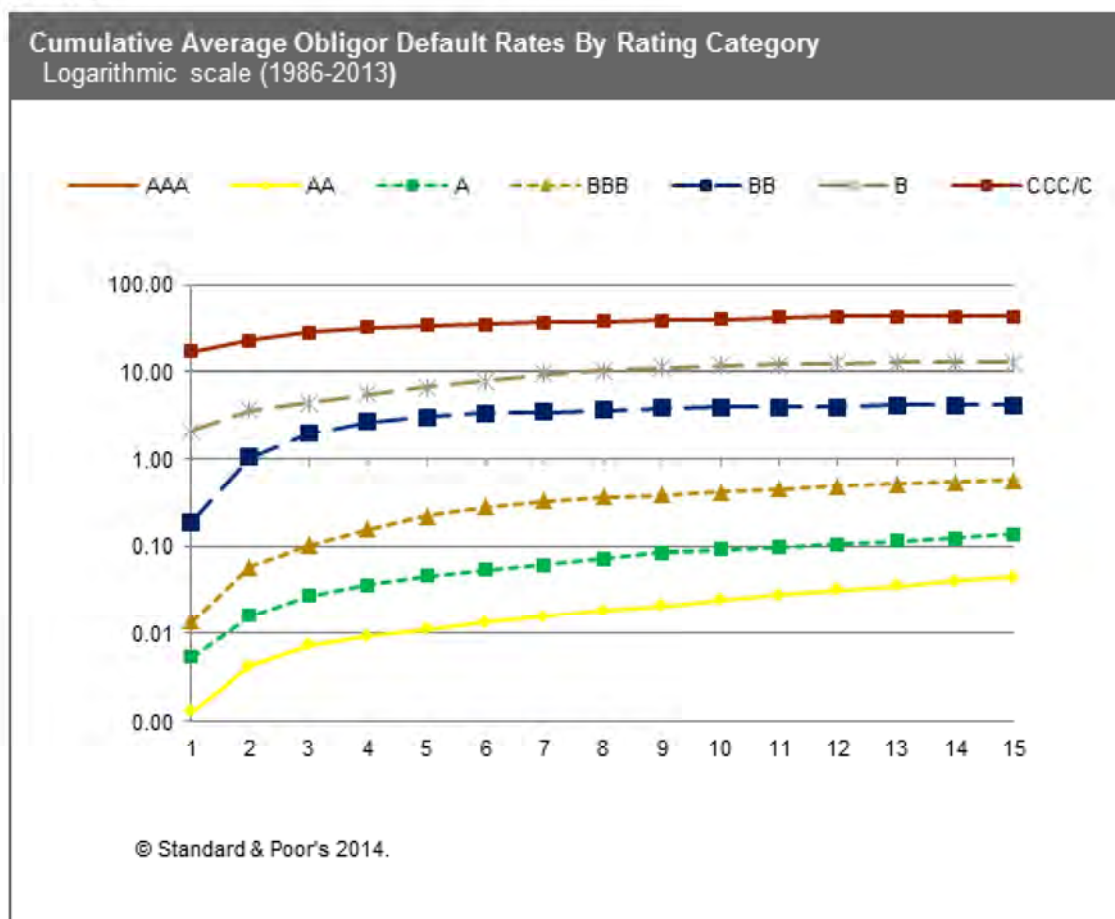
Chart 4



The Small Number Of Speculative-Grade Ratings Exacerbates Those Default Rates

Chart 5 and tables 12 and 13 show that, generally speaking, cumulative average default rates have occurred at levels commensurate with the rating category. Default rates for an individual parity obligation increased over time, particularly for lower-rated ones. Tables 14 and 15 show a less-precise relationship when one examines default rates by rating modifier. This is not surprising because the limited number of defaults and the limited number of credits in some rating levels allow average default rates to be more affected by a single event. Examining default rates broken down by rating category and by year further demonstrate the danger of reading too much into the average default rates (tables 16 through 21). Because no USPF defaults have occurred at the 'AAA' level, default rates are shown only for the 'AA' category and below. For the housing data, default rates are shown across all rating categories. In our opinion, significant default volatility becomes evident as one examines smaller subsets of the data set. At many rating levels, the standard deviation of the default rates raises questions about the value of the average statistic for assessing trends.

Chart 5



Relative Rating Performance

In addition to examining the absolute performance of ratings, we examine their relative performance. One technique we use to measure relative performance is the Gini coefficient. The Gini coefficient is a summary statistic of the Lorenz curve. Used with ratings, it is one indication of the appropriateness of the rating distribution's rank ordering. We believe that Lorenz curves and Gini coefficients are useful when compared with other Lorenz curves' Gini coefficients. For more detail regarding the derivation and construction of Lorenz curves and Gini coefficients, see Appendix II. In charts 6 through 13, we plot the Lorenz curve for USPF from 1986 through 2013 against the Standard & Poor's corporate-sector Lorenz curve for 1981 through 2013. The curves show that rank ordering for USPF ratings is better than global corporate sector ratings mainly due to the high proportion of the USPF default population's location in the lower rating categories. This is in addition to the fact that the lower categories make up only a small proportion of the issuer population. On a one-year horizon, 80.82% of the nonhousing USPF default population is speculative grade, but only 1.14% of total USPF issuers are speculative grade; however, 95.38% of the global corporate sector's default population is in speculative grade, but 36.24% of its issuers are speculative grade. The nonhousing USPF Gini coefficients for the one-, three-, five-, and 10-year horizons are 0.91, 0.81, 0.79, and 0.77, respectively. The U.S.

housing Gini coefficients for the one-, three-, five-, and 10-year horizons are 0.90, 0.70, 0.65, and 0.62, respectively. The Gini coefficients for Standard & Poor's global corporate-sector ratings for the one-, three-, five-, and 10-year horizons are 0.82, 0.76, 0.72, and 0.68, respectively.

Appendix I

Tables 22 through 25 provide default and transition data for the most recent one-, three-, and 10-year periods corresponding to the static pools as of Jan. 1, 2014, 2011, and 2004, respectively. Also provided (tables 26 and 27) are default and transition statistics for ratings outstanding as of Jan. 1, 2014 since their initial assignment. For ratings in place before 1986, we used the rating as of Jan. 1, as the initial rating.

Chart 6

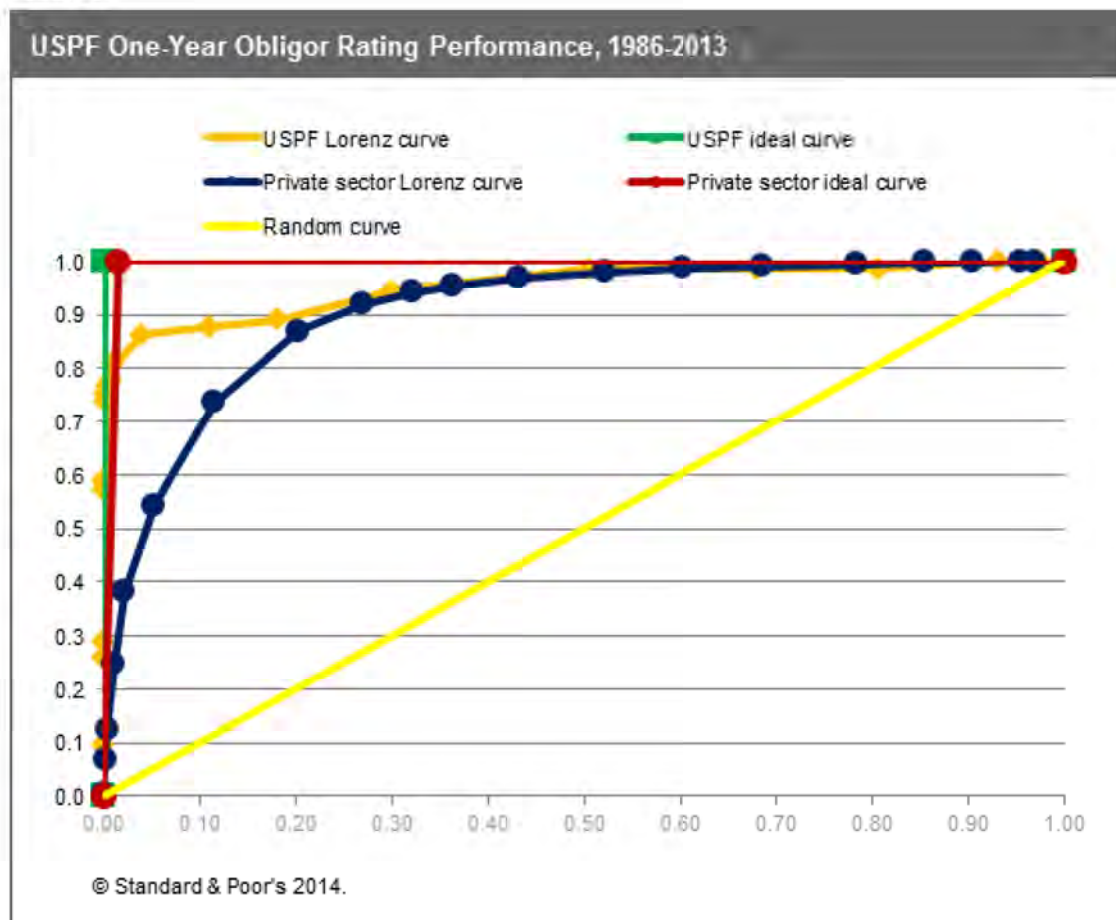


Chart 7

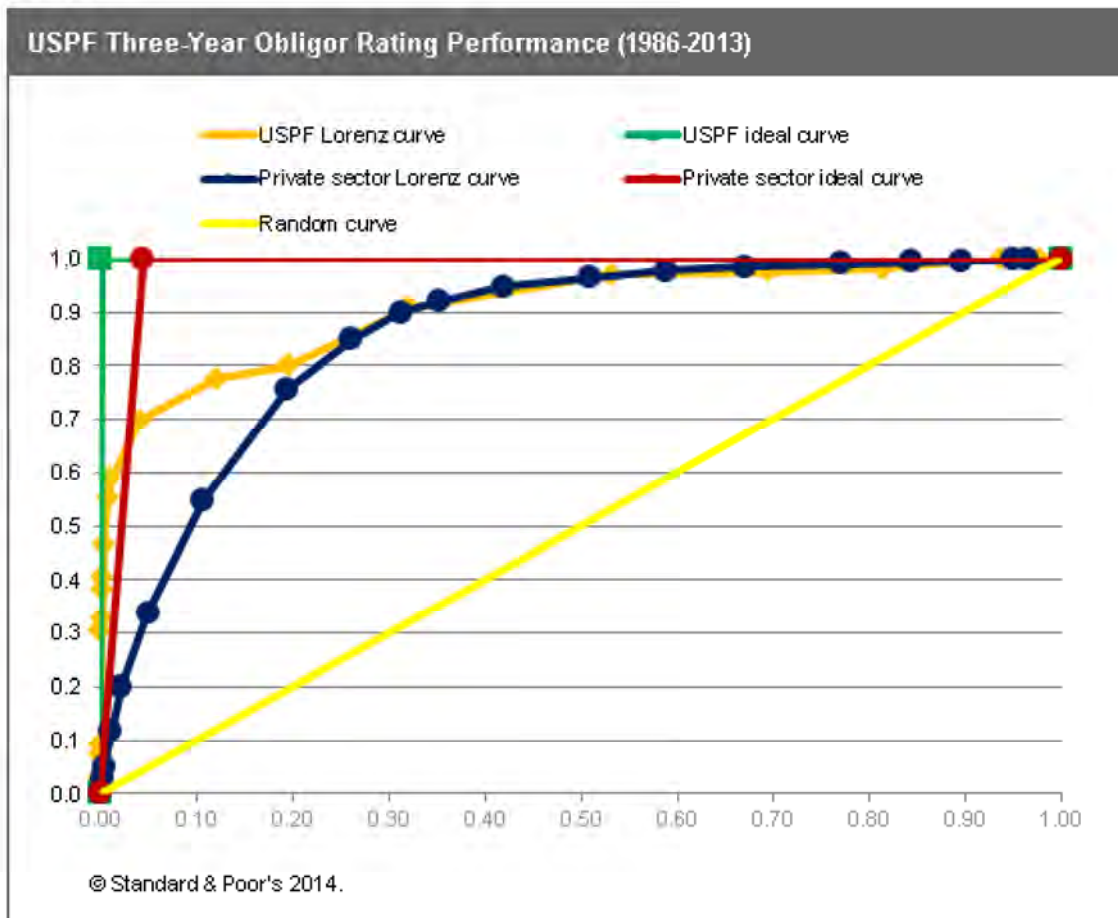


Chart 8

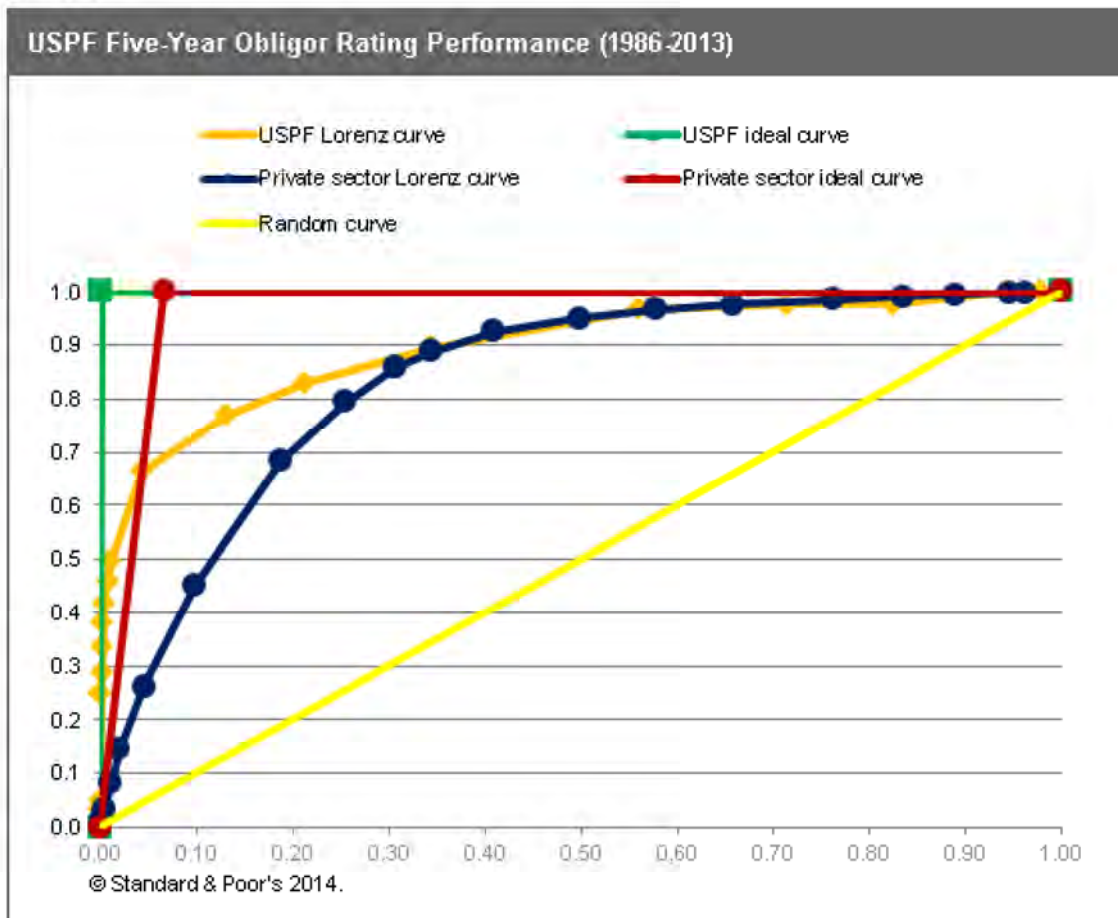


Chart 9

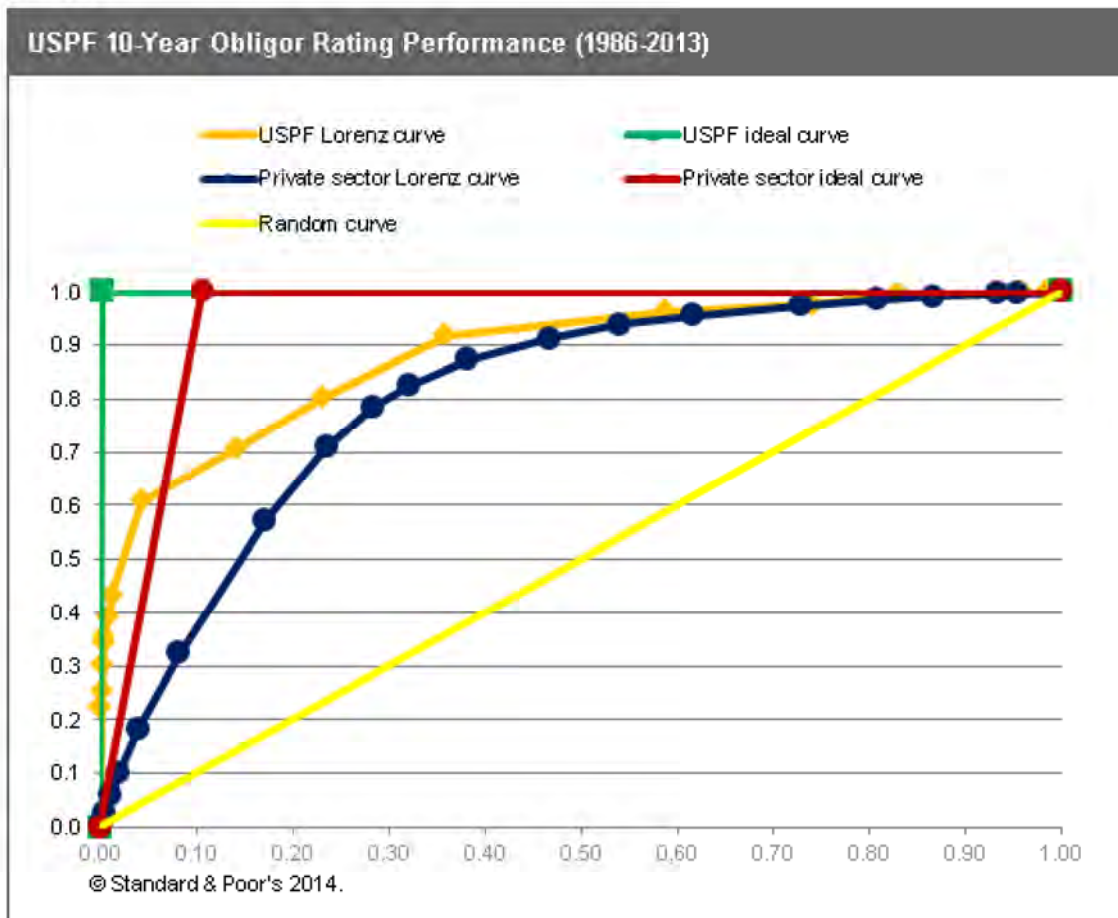


Chart 10

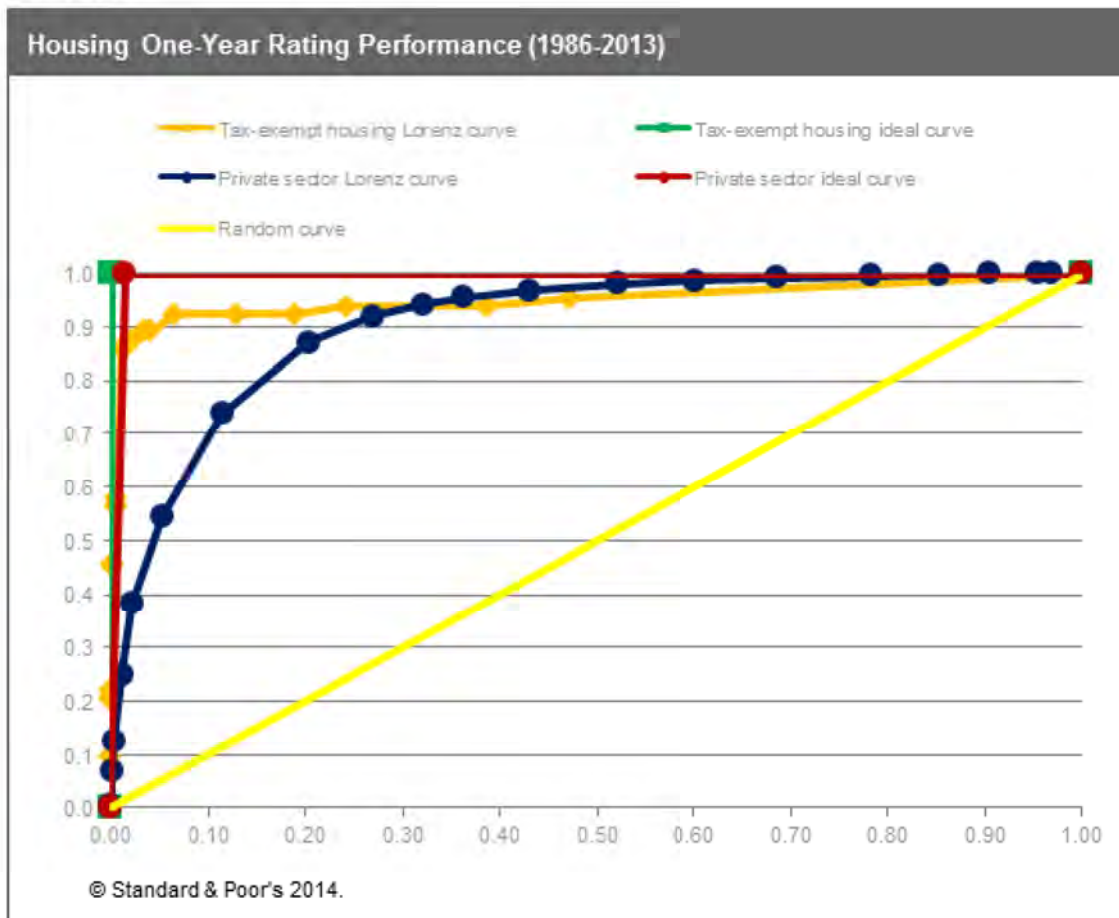


Chart 11

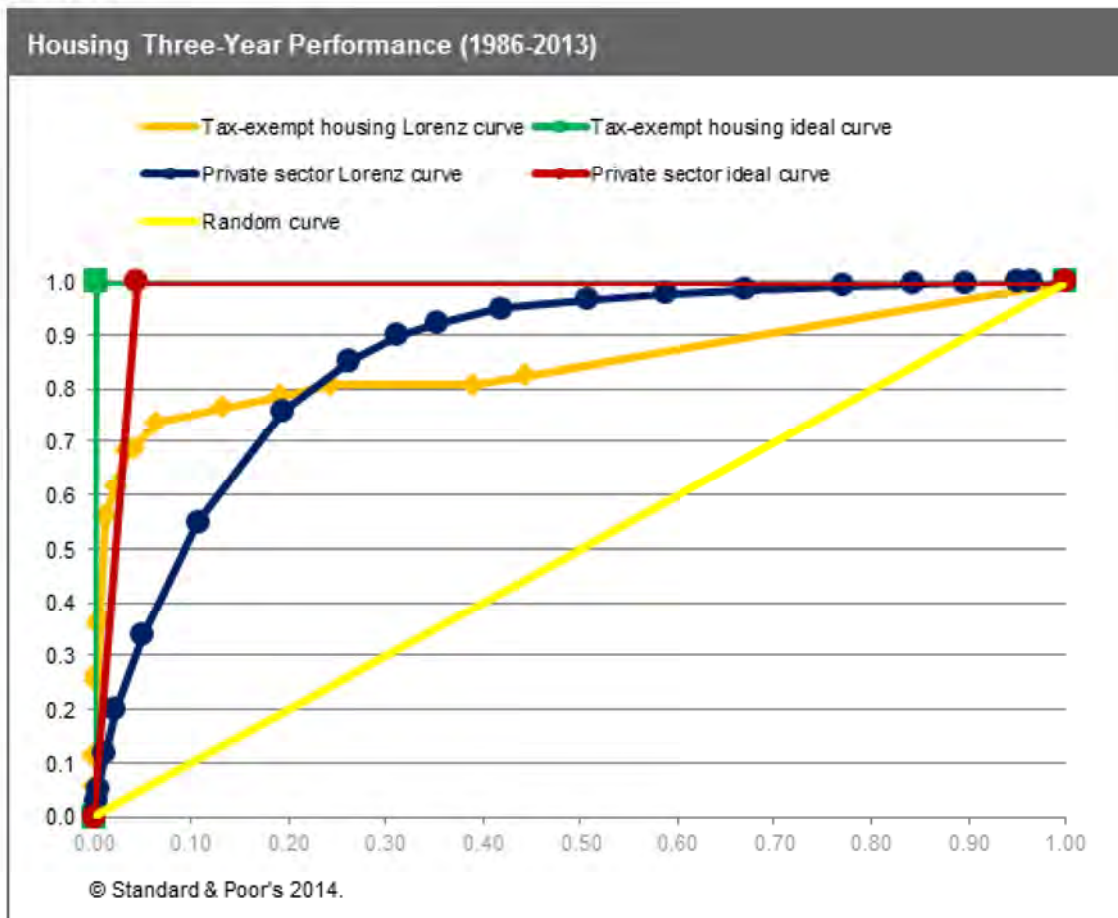


Chart 12

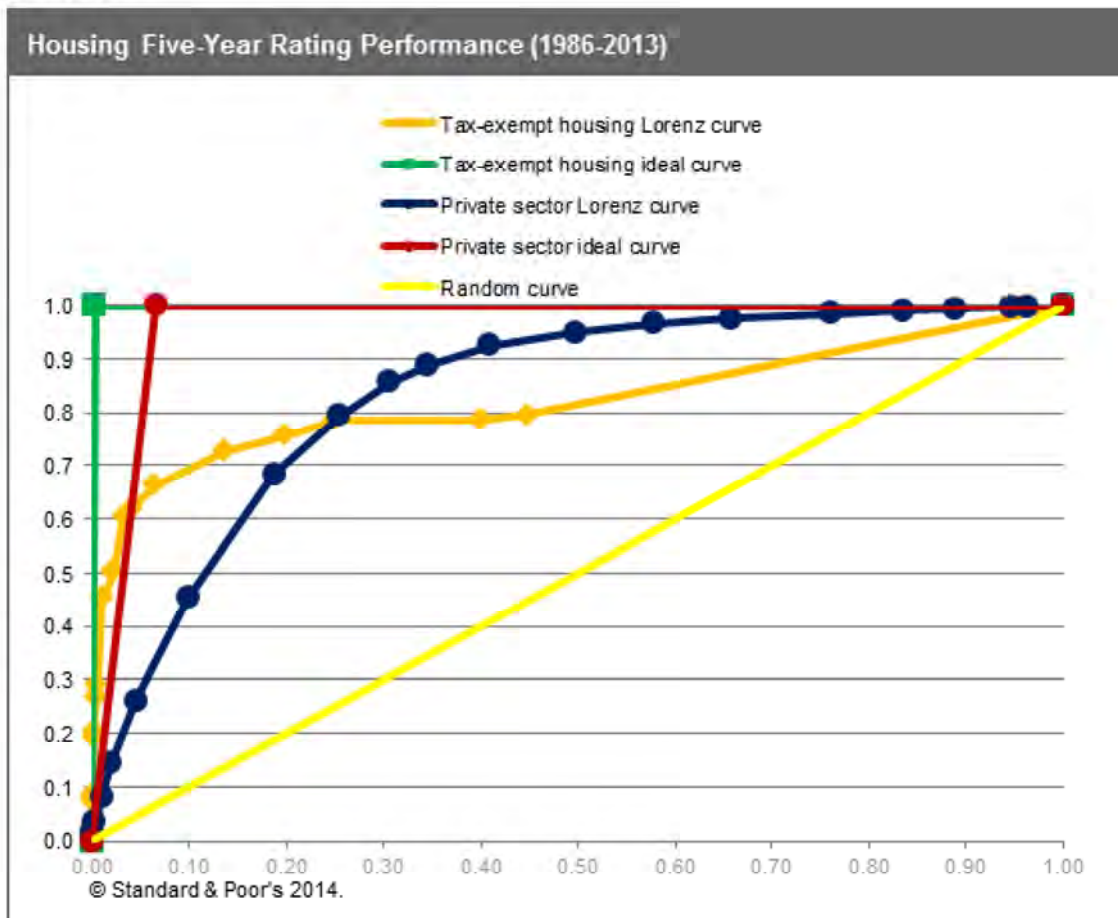
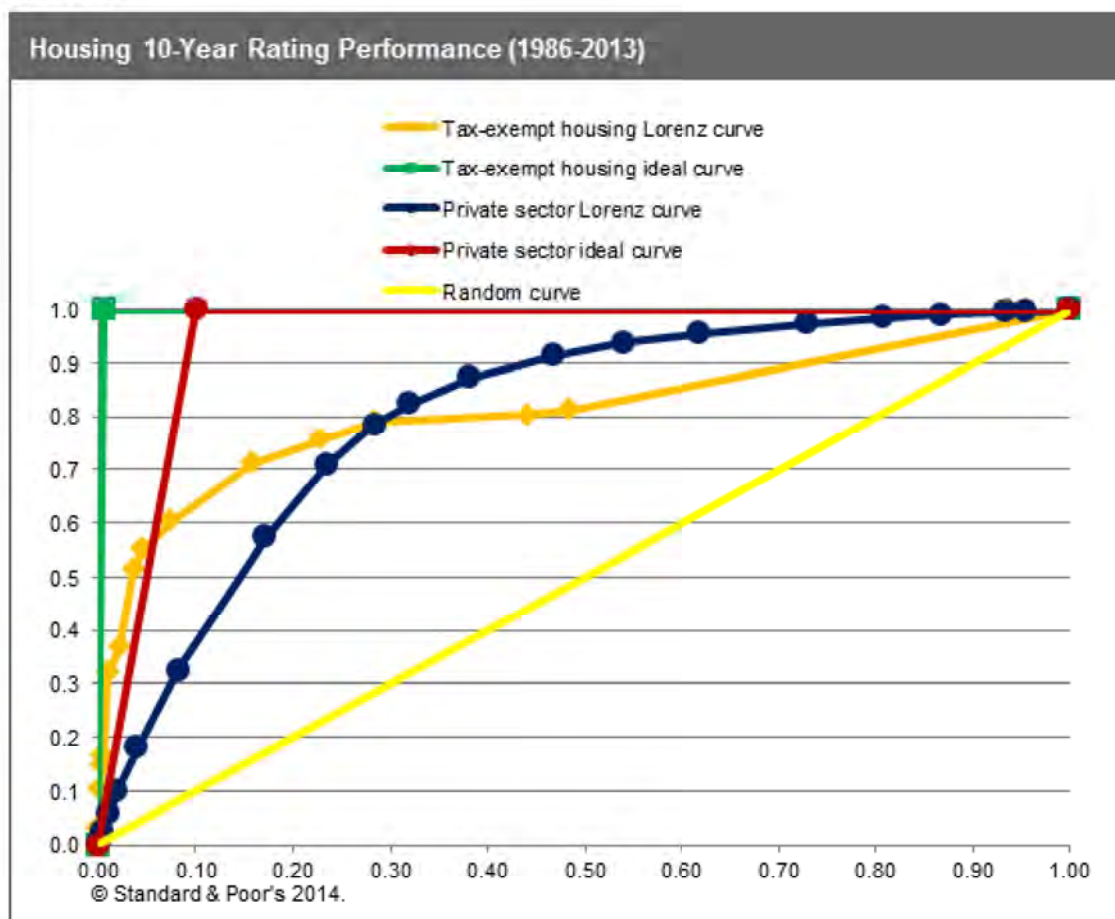


Chart 13



Appendix II: Methodology And Definitions

A Standard & Poor's rating primarily assesses the ability and willingness of an obligor to meet its financial commitments. Accordingly, a default is recorded upon the first occurrence of monetary payment default on the relevant obligation. Technical defaults, such as covenant violations, are not by themselves payment defaults. We generally lower ratings to 'D' following a payment default on the corresponding obligation. We include bonds that would have defaulted if not for bond insurance if those bonds bore a Standard & Poor's underlying rating (SPUR).

Our default study is based on a performance analysis of the unenhanced debt obligations (i.e., obligations not relying on external support provided by guaranties, outside support, or alternative revenue streams) of public finance issuers and includes bonds issued by a range of entities. We track long-term parity debt ratings throughout the study. This is distinct from tracking individual issues or obligors. These ratings reflect Standard & Poor's opinion of an obligor's overall capacity to pay its obligations (i.e., its fundamental creditworthiness). As such, our analysis focuses on the issuer's payment capacity and willingness to meet its financial commitment on an obligation according to its terms.

Standard & Poor's Ratings Services has updated its ratings performance statistics for the USPF housing sector

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following methodology changes. The methodology changes create a consistent approach across default and transition studies and improve the comparability of the housing statistics to those for other sectors. The changes involve consolidating ratings on different series of bonds issued by the same organization into a single rating and treating the bonds as parity obligations. As part of this update process, we've removed certain bonds that had inadvertently been included in the calculation of our performance statistics. Because of the changes, there are fewer ratings in the denominator of our ratings performance calculations. This produces some differences relative to our previously published performance statistics. However, these differences are primarily due to the smaller number of ratings as opposed to actual changes in credit-related ratings movements.

The updated methodology does not affect Standard & Poor's ratings on any securities. Like other parts of the municipal sector, the public housing sector remains very strong and stable from a ratings perspective. With only 66 defaults over the 28 year period studied, the 10-year average default rate is less than 0.15% at the 'AAA' and 'AA' categories, and the investment-grade 10-year average default rate is 0.3%.

The data tracked the ratings of 5,039 parity debt obligations outstanding as of Jan. 1, 1986, which increased to 18,847 parity debt obligations outstanding as of Jan. 1, 2013. The data include GO, appropriation-backed, transportation revenue, utility revenue, higher education, and health care bonds. Although the rating of an appropriation-backed bond is usually linked to that of the obligor, in certain cases the ratings of appropriation-backed bonds can move independently of those of the obligor. Accordingly, we include an obligor's GO rating in addition to its appropriation ratings in the study. One of the study's goals was to show the rating transitions and default history of the traditional public finance market: cities, towns, school districts, and hospitals, as well as the bonds issued by those entities. We excluded from the study bonds wrapped by a monoline insurer unless the bonds bear an underlying, unenhanced rating by Standard & Poor's (a SPUR), in which case we included the SPUR. The study is based on individual issuances, rather than on dollar amounts, to avoid the risks of magnitude skewing the results.

On a sector basis, we believe results are useful but must be evaluated with the size of the respective sector in mind. From 1986 through 2013:

- Tax-secured credits increased to 10,959 from 2,254;
- Appropriation credits increased to 4,043 from 465;
- Utilities increased to 2,115 from 820;
- Transportation credits declined to 275 from 283;
- Higher education increased to 814 from 358;
- Health care declined to 641 from 859; and
- Housing declined to 2,430 from 2,592.

Static pool methodology

The years covered by the study saw relatively few issuances default in their early years. Accordingly, default rates over a given period that are obtained by dividing the number of defaults by the number of issuances then outstanding will be distorted if the number of issuances increases over the period. To avoid this potentially misleading statistic, we conduct our default studies on the basis of groupings called "static pools." A static pool is formed on the first day of each year covered by the study and followed from that point on. All ratings included in the study are sorted into these pools. The pools are static in the sense that the denominator (entity ratings included in the pool) remains constant over

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time. This fact, however, must be understood in the context of a single study. Because errors, if any, will generally be corrected by new updates, and because the criteria for inclusion or exclusion of ratings in the study may be subject to minor revisions in future studies, it is not possible to compare pools across studies. However, every new update revises results back to the same starting date (Jan. 1, 1986) to avoid continuity problems.

We follow all ratings year to year within each pool. This annual tracking involves the comparison of each parity rating on the first and last day of each calendar year. Multiple rating changes in any single year are not reflected -- only beginning and end-of-year ratings are reflected. This occasionally results in what could be considered dramatic transitions. The issuances that are 'NR' (obligations no longer rated by Standard & Poor's) in the study include issuances that have become monoline insured, as well as issuances that have been refunded, matured, or withdrawn.

For example, the 1986 static pool comprises all parity debt outstanding as of Jan. 1, 1986. The 1987 static pool was formed by adding new parity ratings first rated in 1986 to the still-outstanding ratings of the 1986 static pool and subtracting those ratings that defaulted or were set to 'NR'. This same method was used to form static pools for 1988 through 2013. As an example, if a parity debt rating of 'BB' is assigned in mid-1986 and is lowered to 'B' in 1988 and followed by a default ('D') in 1993, this hypothetical rating would be included in the 1987 and 1988 pools as a 'BB', and in the 1989 through 1993 pools as a 'B'. All pools that include this obligation would capture its 1993 default.

Default rates

We calculated annual default rates for each static pool, first in units and later as percentages with respect to the number of issuers in each rating category. We then combined these percentages to obtain cumulative default rates for the 28 years covered by the study.

We estimated cumulative default rates that average the experience of all static pools. This was accomplished by calculating marginal default rates, conditional on survival (survivors being nondefaulters) for each possible time horizon and for each static pool; weight averaging the conditional marginal default rates; and accumulating the average conditional marginal default rates. Conditional default rates are calculated by dividing the number of parity obligations in a static pool that defaulted at a specific time horizon by the number of parity obligations that survived to that point in time. Weights are based on the number of parity obligations in each static pool. Cumulative default rates are one minus the product of the proportion of survivors.

For instance, as shown in table 17, the weighted average first-year default rate for entities rated in the 'B' category for all 28 pools was 2.12%, meaning that an average of 97.88% made payments in accordance with their terms for the first year. Similarly, the second- and third-year conditional marginal averages were 1.54% for the first 27 pools (98.46% of those parity obligations that did not default in the first year did not default in the second year) and 0.82% for the first 26 pools (99.18% of those entities that did not default by the second year did not default in the third year either), respectively. Multiplying 97.88% by 98.46% results in a 96.36% nondefault rate to the end of the second year, or a two-year cumulative average default rate of 3.64%. Multiplying 96.37% by 99.18% results in a 95.57% nondefault rate to the end of the third year, or a three-year 4.43% cumulative average default rate. (The table is based on numbers calculated to four decimals. Calculations using numbers rounded to two decimals, as presented here, may yield slightly different results.)

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Transition analysis**

To compute one-year rating transition ratios by rating category, we compared each entity's rating at the beginning of a particular year with its rating at the end of the same year. Multiple rating changes within one year are not reflected. We counted a parity obligation rated for more than one year as many times as the number of years it was rated. For instance, a parity obligation continually rated during 1986 through 1992 would appear in seven consecutive one-year transition matrices. All 1986 static pool members still rated on Jan. 1, 2013 had 28 one-year transitions while parity ratings first assigned in 2012 had only one.

Each one-year transition matrix displays all rating movements between letter categories from the beginning of the year to year end. For each rating listed in the matrix's left-most column, there are nine ratios listed in the columns, corresponding to ratings from 'AAA' to 'D', plus an entry for 'NR'. For instance, according to the average one-year transition rates for USPF (see table 3):

- 90.34% of debt rated in the 'A' category at the beginning of a given year remained in the same category at year end;
- On average, 3.06% were upgraded to the 'AA' category;
- On average, 0.88% were lowered to the 'BBB' category; and
- 0.05% were downgraded to the 'BB' category, and so on.

Further transition information for each of the USPF and housing static pools is presented in tables 26 and 27.

The Gini coefficient calculation

The Gini coefficient, developed by Corrado Gini, is a summary statistic of the Lorenz curve, which shows visually the accuracy of ratings' rank ordering. The Lorenz curve was developed by Max O. Lorenz as a graphical representation of the proportionality of a distribution. For this study, the Lorenz curve is built by plotting the cumulative proportion of parity obligations by rating category (from lowest to highest) with the cumulative proportion of defaulters by rating category. For example, if 'C' parity obligations represented 1% of the total parity obligations (X axis) and 20% of the defaulters (Y axis), then the coordinate (1, 20) would be the first point on the curve.

To determine relative performance represented by the Lorenz curve, we compare it with the random curve and the ideal curve. If Standard & Poor's rating rank orderings only randomly approximated default risk, the Lorenz curve would fall along the diagonal and its Gini coefficient would be zero. If ratings were perfectly rank-ordered so that all defaults occurred only among the lowest-rated obligations, and all obligations with the lowest rating defaulted, the curve would be the ideal curve, and the Gini coefficient would be 1. The Gini coefficient is a ratio of two areas illustrated in chart 14 and is derived by dividing area B by the total area A+B. In other words, the Gini coefficient captures the extent to which actual rating accuracy diverges from the random scenario and approaches the ideal.

The Gini coefficient can be calculated for different lengths of time, for example one year or three years, and for a single period, such as the year ended 2013, or by aggregating a series of one-year periods. To calculate the one-year Gini for 2013, we identify the parity obligation ratings at the beginning of the year and determine which did and did not default during the year. Then, we calculate the proportion of parity obligations at each rating level and the proportion of defaulters at each rating, based on their ratings at the beginning of the period. The aggregate Gini for 1986 through 2013 combines data for each of the 28 one-year periods. The same parity obligation may be counted multiple times in the aggregate Gini coefficient.

Chart 14

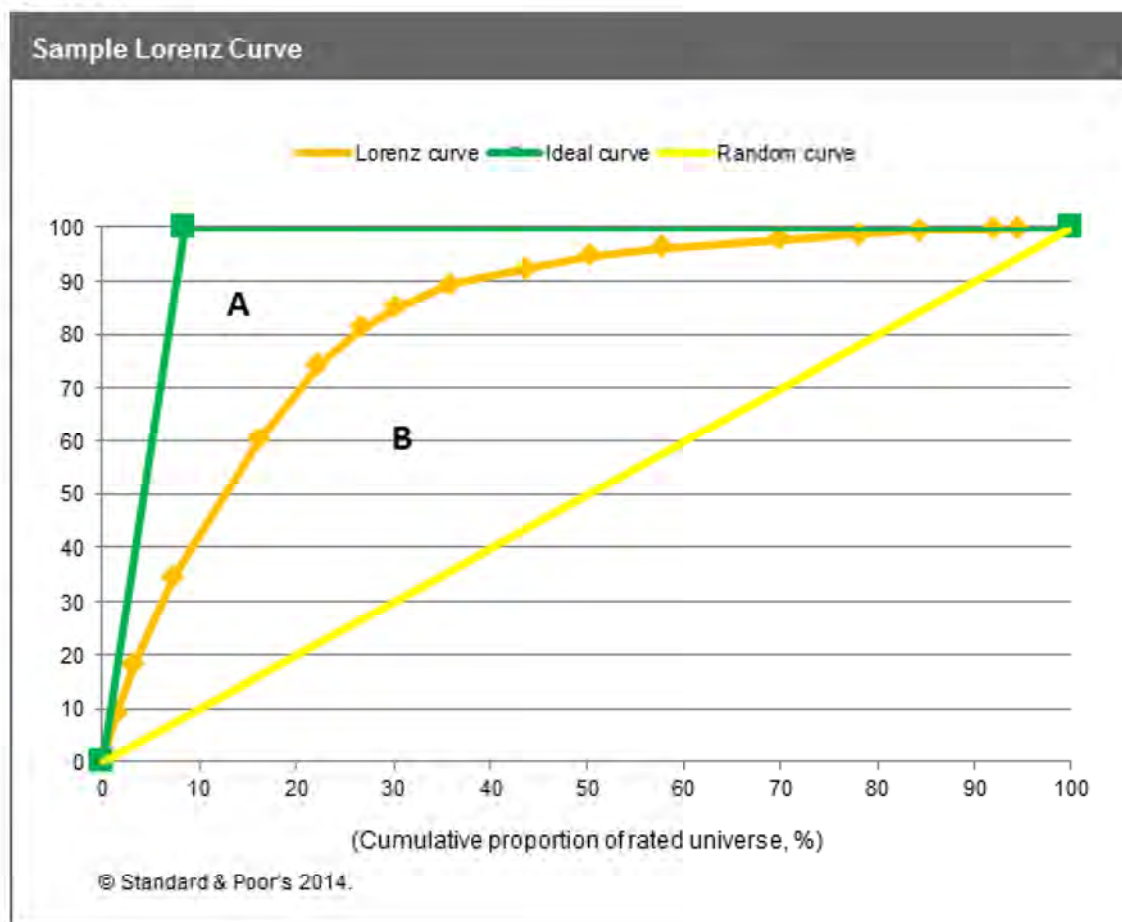


Table 1

2013 Transition Rates By Category (%)

One year									
From/To	AAA	AA	A	BBB	BB	B	CCC/C	D	NR
USPF									
AAA	95.73	2.42	0.00	0.00	0.00	0.00	0.00	0.00	1.85
AA	1.41	94.29	0.75	0.00	0.00	0.00	0.00	0.00	3.54
A	0.01	4.52	91.36	0.68	0.11	0.00	0.00	0.00	3.33
BBB	0.00	0.40	10.31	81.66	3.15	0.27	0.07	0.13	4.02
BB	0.00	0.00	2.80	2.80	80.42	5.59	0.00	0.00	8.39
B	0.00	2.44	0.00	4.88	2.44	60.98	7.32	14.63	7.32
CCC/C	0.00	0.00	0.00	0.00	0.00	0.00	41.94	25.81	32.26
Utility									
AAA	98.68	0.66	0.00	0.00	0.00	0.00	0.00	0.00	0.66
AA	0.55	96.25	0.55	0.00	0.00	0.00	0.00	0.00	2.65
A	0.00	1.63	94.69	1.02	0.20	0.00	0.00	0.00	2.45
BBB	0.00	0.00	11.11	79.17	4.17	0.00	0.00	0.00	5.56

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Table 1

2013 Transition Rates By Category (%) (cont.)									
BB	0.00	0.00	20.00	40.00	40.00	0.00	0.00	0.00	0.00
B	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CCC/C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00
Higher education									
AAA	97.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.56
AA	0.47	97.21	0.00	0.00	0.00	0.00	0.00	0.00	2.33
A	0.00	2.06	94.33	1.03	0.00	0.00	0.00	0.00	2.58
BBB	0.00	0.00	1.94	90.97	1.94	0.00	0.00	0.65	4.52
BB	0.00	0.00	0.00	0.00	80.00	20.00	0.00	0.00	0.00
B	0.00	0.00	0.00	0.00	0.00	50.00	50.00	0.00	0.00
CCC/C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tax secured									
AAA	95.20	2.92	0.00	0.00	0.00	0.00	0.00	0.00	1.88
AA	1.22	96.45	0.79	0.00	0.00	0.00	0.00	0.00	1.55
A	0.02	5.63	91.69	0.65	0.03	0.00	0.00	0.00	1.98
BBB	0.00	0.60	6.79	89.74	0.75	0.00	0.00	0.15	1.96
BB	0.00	0.00	8.33	0.00	91.67	0.00	0.00	0.00	0.00
B	0.00	3.70	0.00	7.41	3.70	70.37	3.70	3.70	7.41
CCC/C	0.00	0.00	0.00	0.00	0.00	0.00	50.00	20.00	30.00
Health care									
AAA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA	0.00	91.92	4.04	0.00	0.00	0.00	0.00	0.00	4.04
A	0.00	1.77	92.23	1.77	0.00	0.00	0.00	0.00	4.24
BBB	0.00	0.00	3.85	83.65	3.37	0.00	0.48	0.00	8.65
BB	0.00	0.00	0.00	4.35	67.39	8.70	0.00	0.00	19.57
B	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00
CCC/C	0.00	0.00	0.00	0.00	0.00	0.00	66.67	33.33	0.00
Transportation									
AAA	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA	0.00	98.25	0.00	0.00	0.00	0.00	0.00	0.00	1.75
A	0.00	0.62	96.30	1.23	0.00	0.00	0.00	0.00	1.85
BBB	0.00	0.00	4.00	90.00	0.00	0.00	0.00	0.00	6.00
BB	0.00	0.00	0.00	0.00	75.00	0.00	0.00	0.00	25.00
B	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CCC/C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Appropriation									
AAA	87.50	6.25	0.00	0.00	0.00	0.00	0.00	0.00	6.25
AA	2.50	88.24	0.72	0.00	0.00	0.00	0.00	0.00	8.54
A	0.00	3.81	87.23	0.28	0.34	0.00	0.00	0.00	8.34
BBB	0.00	0.58	25.43	60.12	8.38	1.16	0.00	0.00	4.34
BB	0.00	0.00	2.04	0.00	91.84	2.04	0.00	0.00	4.08

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Table 1

2013 Transition Rates By Category (%) (cont.)

B	0.00	0.00	0.00	0.00	0.00	30.00	10.00	50.00	10.00
CCC/C	0.00	0.00	0.00	0.00	0.00	0.00	35.29	23.53	41.18
Housing									
AAA	94.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.66
AA	0.16	88.88	0.79	0.00	0.05	0.00	0.05	0.00	10.06
A	0.00	5.24	77.90	1.12	0.75	0.00	0.00	0.00	14.98
BBB	0.00	0.00	18.75	64.58	4.17	0.00	0.00	0.00	12.50
BB	0.00	2.70	0.00	2.70	67.57	0.00	5.41	0.00	21.62
B	0.00	4.35	4.35	0.00	8.70	65.22	8.70	4.35	4.35
CCC/C	0.00	14.29	0.00	0.00	0.00	0.00	85.71	0.00	0.00

Table 2

2013 Upgrades And Downgrades

	Ratings	Upgrades	Downgrades
Total USPF*	18,847	1,415	467
Utility	2,115	102	39
Tax secured	10,959	865	218
Higher education	814	25	28
Health care	641	38	45
Transportation	275	13	4
Appropriation	4,043	372	133
Housing	2,430	37	111

*Does not include housing.

Table 3

USPF Average Obligor Transition Rates, 1986-2013 (%)

Rating	AAA	AA	A	BBB	BB	B	CCC/C	D	NR
One year									
AAA	96.79	1.33	0.03	0.00	0.00	0.00	0.02	0.00	1.84
AA	0.81	93.03	1.29	0.03	0.00	0.01	0.00	0.00	4.83
A	0.01	3.06	90.34	0.88	0.05	0.02	0.01	0.01	5.62
BBB	0.00	0.10	5.28	86.65	0.82	0.14	0.09	0.01	6.91
BB	0.00	0.05	0.43	7.00	78.49	3.59	0.95	0.19	9.31
B	0.00	0.35	0.53	3.19	6.55	69.03	6.19	2.12	12.04
CCC/C	0.00	0.00	1.20	0.40	1.20	7.17	58.96	17.13	13.94
Three year									
AAA	90.99	3.32	0.24	0.00	0.00	0.00	0.02	0.00	5.43
AA	2.47	79.74	3.02	0.21	0.03	0.01	0.00	0.01	14.52
A	0.05	8.28	72.35	2.12	0.12	0.05	0.04	0.03	16.96
BBB	0.00	0.71	13.03	63.64	1.71	0.38	0.15	0.09	20.29
BB	0.00	0.16	1.69	15.22	47.41	5.62	1.20	1.64	27.06
B	0.00	0.60	1.41	9.84	8.63	34.34	8.03	3.41	33.73

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Table 3

USPF Average Obligor Transition Rates, 1986-2013 (%) (cont.)									
CCC/C	0.00	0.00	1.52	2.02	8.08	4.04	32.83	25.25	26.26
Five year									
AAA	87.43	4.22	0.48	0.00	0.00	0.00	0.00	0.00	7.86
AA	4.35	67.73	3.88	0.17	0.03	0.01	0.01	0.01	23.81
A	0.10	12.28	56.21	2.70	0.17	0.06	0.05	0.03	28.39
BBB	0.01	1.18	17.64	45.28	1.97	0.52	0.18	0.18	33.04
BB	0.00	0.32	2.84	17.14	29.49	5.10	1.26	1.58	42.28
B	0.00	0.44	3.74	10.57	5.73	17.40	4.85	5.95	51.32
CCC/C	0.00	0.00	0.57	10.34	1.15	5.75	19.54	30.46	32.18
Seven year									
AAA	86.04	4.77	0.57	0.00	0.00	0.00	0.00	0.00	8.61
AA	5.79	58.42	3.78	0.21	0.00	0.01	0.00	0.01	31.78
A	0.16	13.81	43.37	2.72	0.19	0.06	0.06	0.04	39.59
BBB	0.02	1.59	17.94	31.95	1.84	0.50	0.16	0.24	45.74
BB	0.00	0.51	3.74	16.48	17.88	4.62	1.10	1.76	53.92
B	0.00	0.25	3.54	7.07	4.29	9.34	2.27	8.84	64.39
CCC/C	0.00	0.00	0.00	10.06	0.00	4.40	13.84	32.08	39.62
10 year									
AAA	83.67	6.09	0.37	0.00	0.00	0.00	0.00	0.00	9.87
AA	7.25	46.54	3.29	0.22	0.00	0.02	0.00	0.02	42.66
A	0.32	13.68	28.01	2.43	0.19	0.05	0.05	0.06	55.20
BBB	0.04	2.26	15.17	17.74	1.37	0.40	0.18	0.31	62.52
BB	0.00	0.92	4.98	10.78	7.28	3.23	1.11	2.03	69.68
B	0.00	0.32	2.88	2.24	2.24	2.56	0.96	9.29	79.49
CCC/C	0.00	0.00	0.00	7.53	0.00	1.37	6.85	36.99	47.26
15 year									
AAA	82.02	9.47	0.96	0.11	0.00	0.00	0.00	0.00	7.45
AA	9.44	33.56	2.89	0.21	0.00	0.01	0.00	0.03	53.86
A	0.55	12.01	14.22	1.38	0.14	0.05	0.04	0.09	71.51
BBB	0.03	2.63	9.82	6.45	0.66	0.19	0.05	0.45	79.73
BB	0.00	1.64	3.03	5.44	0.88	0.88	0.00	1.52	86.60
B	0.00	0.00	2.60	1.30	0.00	0.00	0.00	8.23	87.88
CCC/C	0.00	0.00	0.93	5.56	0.00	0.00	0.00	38.89	54.63
20 year									
AAA	76.85	14.77	2.00	0.00	0.00	0.00	0.00	0.00	6.39
AA	10.64	27.63	3.21	0.26	0.00	0.00	0.00	0.07	58.19
A	0.89	11.94	9.72	1.15	0.12	0.04	0.01	0.17	75.96
BBB	0.03	3.46	8.28	3.17	0.32	0.11	0.01	0.45	84.18
BB	0.00	0.96	2.50	2.88	0.58	0.00	0.00	1.92	91.15
B	0.00	0.00	0.00	2.61	0.00	0.00	0.00	11.11	86.27

Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update

Table 3

USPF Average Obligor Transition Rates, 1986-2013
(%) (cont.)

CCC/C	0.00	0.00	1.32	0.00	0.00	0.00	0.00	39.47	59.21
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Table 4

Average One-Year Obligor Transition Rates By Modifier, 1986-2013 (%)

Rating	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC/C	D	NR
AAA	96.79	1.08	0.20	0.05	0.02	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.00	1.84
AA+	4.06	89.12	1.67	0.24	0.04	0.02	0.01	0.00	0.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.76
AA	0.39	3.44	89.29	1.34	0.29	0.11	0.03	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.09
AA-	0.11	0.69	5.31	86.70	1.95	0.52	0.10	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.60
A+	0.03	0.14	1.12	5.08	87.00	1.45	0.33	0.05	0.05	0.03	0.00	0.01	0.00	0.00	0.00	0.00	0.01	0.00	4.68
A	0.00	0.02	0.30	1.14	4.79	85.08	1.55	0.48	0.14	0.12	0.02	0.02	0.01	0.00	0.02	0.00	0.01	0.01	6.29
A-	0.00	0.02	0.08	0.87	2.06	6.35	82.35	1.43	0.55	0.26	0.02	0.06	0.01	0.00	0.04	0.00	0.03	0.01	5.86
BBB+	0.00	0.01	0.01	0.13	1.05	2.09	5.81	81.40	2.04	0.50	0.08	0.09	0.02	0.00	0.03	0.02	0.10	0.01	6.63
BBB	0.00	0.01	0.02	0.05	0.37	1.18	1.55	4.05	83.20	1.69	0.23	0.20	0.06	0.02	0.08	0.03	0.04	0.01	7.24
BBB-	0.00	0.01	0.00	0.01	0.01	0.19	1.62	1.39	4.84	81.35	1.93	1.00	0.22	0.07	0.26	0.08	0.18	0.05	6.81
BB+	0.00	0.00	0.12	0.00	0.00	0.12	0.59	0.59	1.66	6.06	72.80	5.34	2.26	0.95	0.71	0.48	0.24	0.24	7.84
BB	0.00	0.00	0.00	0.00	0.00	0.10	0.20	0.49	2.26	4.61	3.34	71.74	2.45	1.08	2.75	0.29	1.28	0.10	9.32
BB-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.39	0.79	2.76	4.33	68.90	1.57	3.15	1.57	1.97	0.39	14.17
B+	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.88	0.00	0.88	2.63	64.04	4.39	3.51	6.14	0.88	16.67
B	0.00	0.31	0.00	0.31	0.31	0.31	0.00	0.62	2.80	1.56	0.93	6.54	1.56	3.12	59.50	3.74	5.30	3.43	9.66
B-	0.00	0.00	0.00	0.00	0.00	0.77	0.00	0.00	0.00	0.77	0.00	1.54	1.54	0.00	3.85	69.23	8.46	0.00	13.85
CCC/C	0.00	0.00	0.00	0.00	0.40	0.80	0.00	0.00	0.00	0.40	0.00	1.20	0.00	2.39	3.59	1.20	58.96	17.13	13.94

Table 5

Housing Average Transition Rates, 1986-2013 (%)

Rating	AAA	AA	A	BBB	BB	B	CCC/C	D	NR
One year									
AAA	87.36	3.94	0.22	0.03	0.12	0.02	0.02	0.01	8.29
AA	1.15	85.84	2.10	0.22	0.07	0.01	0.04	0.01	10.55
A	1.13	2.58	81.46	2.24	0.54	0.10	0.06	0.02	11.87
BBB	0.09	0.39	4.76	75.52	5.28	0.79	0.65	0.09	12.43
BB	0.15	1.21	1.06	5.45	61.06	10.61	4.09	2.88	13.48
B	0.00	2.58	0.37	0.00	3.32	63.10	10.70	2.58	17.34
CCC/C	0.49	0.99	0.49	1.48	0.99	0.00	55.67	14.29	25.62
Three year									
AAA	64.66	9.76	0.55	0.07	0.24	0.07	0.04	0.07	24.54
AA	3.09	60.19	4.83	0.94	0.13	0.05	0.05	0.04	30.69
A	2.53	5.83	51.88	4.20	1.50	0.34	0.18	0.15	33.40
BBB	0.27	0.82	10.25	42.21	6.56	2.32	1.23	1.05	35.29
BB	0.17	1.54	3.77	9.08	23.46	11.47	8.05	6.34	36.13
B	0.00	2.79	0.93	0.93	3.26	30.23	8.37	8.84	44.65
CCC/C	0.00	0.52	1.04	2.07	2.59	0.00	19.17	23.83	50.78

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 5****Housing Average Transition Rates, 1986-2013 (%) (cont.)**

Five year									
AAA	49.24	9.86	0.70	0.10	0.25	0.10	0.05	0.14	39.57
AA	3.46	41.57	5.64	0.95	0.14	0.03	0.03	0.06	48.11
A	2.79	6.54	33.56	3.50	1.93	0.72	0.37	0.33	50.26
BBB	0.28	0.61	10.21	23.92	3.22	2.08	1.94	2.13	55.60
BB	0.00	0.61	5.48	7.71	10.34	7.10	4.46	10.14	54.16
B	0.00	1.66	0.55	0.00	2.21	13.26	2.76	11.60	67.96
CCC/C	0.00	0.00	0.00	1.72	2.87	0.00	5.75	29.89	59.77
Seven year									
AAA	35.59	9.32	0.89	0.10	0.24	0.11	0.04	0.16	53.55
AA	3.37	28.74	4.62	0.64	0.04	0.02	0.04	0.09	62.45
A	2.38	6.83	21.29	2.60	1.53	0.71	0.43	0.53	63.70
BBB	0.34	0.64	9.19	12.67	1.71	1.56	1.42	3.13	69.34
BB	0.00	0.87	4.13	4.57	4.57	3.48	1.96	12.17	68.26
B	0.00	0.67	0.67	0.00	0.00	8.67	1.33	14.00	74.67
CCC/C	0.00	0.00	0.00	0.00	2.65	0.00	0.66	31.13	65.56
10 year									
AAA	17.50	7.29	0.76	0.06	0.21	0.12	0.04	0.20	73.83
AA	3.02	15.21	2.05	0.20	0.03	0.04	0.00	0.12	79.33
A	2.02	5.94	10.00	1.23	0.78	0.63	0.21	0.62	78.57
BBB	0.31	0.42	5.20	5.14	0.58	0.84	0.73	3.67	83.10
BB	0.00	0.52	1.56	3.13	1.82	1.82	0.00	13.80	77.34
B	0.00	0.00	0.00	0.00	0.00	3.77	0.94	13.21	82.08
CCC/C	0.00	0.00	0.00	0.00	0.83	0.00	0.00	25.83	73.33
15 year									
AAA	4.47	2.74	0.34	0.02	0.06	0.02	0.01	0.32	92.01
AA	1.55	5.33	0.60	0.06	0.00	0.02	0.00	0.11	92.33
A	1.39	3.49	3.09	0.43	0.14	0.30	0.01	0.52	90.62
BBB	0.00	0.06	1.49	1.24	0.19	0.62	0.06	1.86	94.48
BB	0.00	0.00	0.00	2.04	0.34	0.00	0.68	10.54	86.39
B	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.76	93.24
CCC/C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21.84	78.16
20 year									
AAA	1.06	0.54	0.13	0.00	0.00	0.00	0.00	0.53	97.74
AA	0.77	1.59	0.10	0.00	0.00	0.01	0.01	0.11	97.41
A	0.78	1.92	0.96	0.07	0.03	0.02	0.00	0.40	95.83
BBB	0.00	0.00	1.23	0.41	0.08	0.33	0.00	0.33	97.62
BB	0.00	0.00	0.00	0.78	0.78	0.00	0.78	9.80	87.84
B	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.06	91.94
CCC/C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18.87	81.13

Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update

Table 6

Housing Average One-Year Transition Rates By Modifier, 1986-2013 (%)																			
Rating	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC/C	D	NR
AAA	87.36	3.40	0.41	0.13	0.03	0.13	0.07	0.00	0.02	0.01	0.06	0.06	0.00	0.01	0.01	0.00	0.02	0.01	8.29
AA+	1.06	83.17	2.52	1.72	0.08	0.18	0.14	0.00	0.01	0.00	0.01	0.03	0.01	0.00	0.00	0.03	0.01	0.01	10.99
AA	1.29	1.80	82.74	1.92	0.57	0.55	0.60	0.03	0.12	0.15	0.07	0.01	0.00	0.00	0.00	0.00	0.04	0.00	10.11
AA-	0.88	0.21	3.49	77.83	1.93	3.58	0.49	0.07	0.07	0.21	0.02	0.05	0.00	0.00	0.02	0.00	0.07	0.02	11.05
A+	0.97	0.52	1.89	2.53	80.32	0.84	0.46	0.46	0.02	0.28	0.08	0.04	0.00	0.00	0.00	0.00	0.04	0.00	11.54
A	1.44	0.11	0.59	0.41	2.99	78.43	1.22	0.26	0.92	1.26	0.18	0.50	0.00	0.02	0.17	0.00	0.07	0.00	11.43
A-	0.70	0.05	0.35	0.25	1.05	3.01	73.74	0.65	3.46	1.26	0.20	1.00	0.00	0.00	0.05	0.10	0.10	0.10	13.91
BBB+	0.00	0.00	0.00	0.35	0.53	1.59	3.35	72.13	1.06	1.06	2.82	1.76	0.18	0.00	0.88	0.00	0.00	0.00	14.29
BBB	0.21	0.00	0.11	0.21	1.37	2.10	1.47	2.00	71.22	0.63	0.63	5.88	0.53	0.00	1.05	0.00	0.74	0.11	11.76
BBB-	0.00	0.13	0.39	0.00	0.52	1.81	1.68	1.16	2.85	74.51	0.65	2.07	0.78	0.00	0.39	0.00	1.03	0.13	11.90
BB+	0.00	3.43	0.00	0.00	0.57	0.00	0.57	0.57	1.14	1.71	58.29	5.14	2.86	1.71	6.86	0.57	4.00	0.00	12.57
BB	0.23	0.46	0.00	0.00	0.46	0.46	0.23	1.14	2.05	3.42	0.23	58.31	0.91	0.46	9.79	0.46	3.87	4.10	13.44
BB-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.17	0.00	0.00	2.17	54.35	2.17	10.87	2.17	6.52	2.17	17.39
B+	0.00	14.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.76	57.14	9.52	0.00	0.00	0.00	14.29
B	0.00	0.44	0.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.07	0.44	0.00	62.28	1.32	10.96	3.07	17.98
B-	0.00	9.09	0.00	0.00	0.00	4.55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	54.55	18.18	0.00	0.00	13.64
CCC/C	0.49	0.49	0.00	0.49	0.00	0.49	0.00	0.49	0.99	0.00	0.49	0.49	0.00	0.00	0.00	0.00	55.67	14.29	25.62

Table 7

Average One-Year Transition Rates By Sector, 1986-2013 (%)									
Rating	AAA	AA	A	BBB	BB	B	CCC/C	D	NR
Utility									
AAA	96.64	0.96	0.10	0.00	0.00	0.00	0.00	0.00	2.31
AA	1.46	94.17	1.08	0.02	0.00	0.00	0.00	0.00	3.26
A	0.06	3.60	90.36	0.58	0.07	0.02	0.04	0.01	5.26
BBB	0.00	0.02	5.29	85.72	0.54	0.02	0.02	0.02	8.38
BB	0.00	0.00	1.52	12.12	75.76	0.51	1.01	0.51	8.59
B	0.00	0.00	0.00	5.26	5.26	65.79	2.63	0.00	21.05
CCC/C	0.00	0.00	0.00	0.00	0.00	8.70	78.26	10.87	2.17
Higher education									
AAA	97.25	1.29	0.00	0.00	0.00	0.00	0.00	0.00	1.46
AA	0.53	93.92	1.32	0.05	0.00	0.00	0.00	0.00	4.19
A	0.00	1.46	92.22	1.08	0.01	0.00	0.00	0.00	5.23
BBB	0.00	0.06	2.76	90.45	0.73	0.06	0.03	0.03	5.88
BB	0.00	0.00	0.00	3.57	86.43	3.57	0.71	0.71	5.00
B	0.00	0.00	0.00	0.00	0.00	20.00	40.00	20.00	20.00
CCC/C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	66.67	33.33
Tax secured									
AAA	97.63	1.11	0.02	0.00	0.00	0.00	0.00	0.00	1.23
AA	1.02	95.22	0.65	0.02	0.00	0.01	0.00	0.00	3.08

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 7**

Average One-Year Transition Rates By Sector, 1986-2013 (%) (cont.)									
A	0.01	3.09	91.98	0.49	0.03	0.02	0.00	0.00	4.38
BBB	0.00	0.13	6.33	87.58	0.30	0.14	0.06	0.02	5.44
BB	0.00	0.00	1.00	12.00	75.50	3.00	1.75	0.00	6.75
B	0.00	1.23	1.85	5.56	9.88	69.14	3.70	1.85	6.79
CCC/C	0.00	0.00	5.77	1.92	3.85	11.54	57.69	5.77	13.46
Health care									
AAA	90.00	10.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA	0.04	91.77	2.92	0.00	0.00	0.00	0.00	0.00	5.27
A	0.00	0.90	88.08	2.97	0.12	0.04	0.01	0.01	7.86
BBB	0.00	0.04	1.62	88.12	2.55	0.29	0.11	0.01	7.25
BB	0.00	0.10	0.10	3.79	78.92	4.81	0.92	0.20	11.16
B	0.00	0.00	0.00	1.09	4.36	72.36	7.64	1.09	13.45
CCC/C	0.00	0.00	0.00	0.00	0.93	3.74	61.68	17.76	15.89
Transportation									
AAA	84.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15.79
AA	0.11	92.91	0.86	0.00	0.11	0.00	0.00	0.00	6.02
A	0.00	1.12	90.72	0.80	0.03	0.00	0.00	0.00	7.34
BBB	0.00	0.05	1.86	86.35	0.58	0.16	0.21	0.00	10.78
BB	0.00	0.00	0.00	8.18	76.36	1.82	0.00	0.00	13.64
B	0.00	0.00	0.00	0.00	11.11	66.67	11.11	0.00	11.11
CCC/C	0.00	0.00	0.00	0.00	0.00	10.00	40.00	50.00	0.00
Appropriation									
AAA	91.10	3.20	0.00	0.00	0.00	0.00	0.18	0.00	5.52
AA	0.37	88.80	2.29	0.03	0.00	0.01	0.00	0.00	8.49
A	0.01	4.16	86.46	1.26	0.05	0.01	0.03	0.01	8.01
BBB	0.00	0.13	8.05	82.01	0.73	0.10	0.18	0.00	8.79
BB	0.00	0.00	0.34	8.62	80.00	3.10	0.34	0.00	7.59
B	0.00	0.00	0.00	5.97	7.46	61.19	4.48	7.46	13.43
CCC/C	0.00	0.00	0.00	0.00	0.00	9.09	36.36	27.27	27.27
Housing									
AAA	94.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.66
AA	0.16	88.88	0.79	0.00	0.05	0.00	0.05	0.00	10.06
A	0.00	5.24	77.90	1.12	0.75	0.00	0.00	0.00	14.98
BBB	0.00	0.00	18.75	64.58	4.17	0.00	0.00	0.00	12.50
BB	0.00	2.70	0.00	2.70	67.57	0.00	5.41	0.00	21.62
B	0.00	4.35	4.35	0.00	8.70	65.22	8.70	4.35	4.35
CCC/C	0.00	14.29	0.00	0.00	0.00	0.00	85.71	0.00	0.00

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 8**

USPF Obligor Annual Default Summary						
Year	Defaults			Default rate (%)		
	Total	Investment grade	Speculative grade	Overall	Investment grade	Speculative grade
1986	0	0	0	0.00	0.00	0.00
1987	3	1	2	0.06	0.02	2.47
1988	0	0	0	0.00	0.00	0.00
1989	3	0	3	0.06	0.00	3.70
1990	3	0	3	0.05	0.00	4.00
1991	1	0	1	0.02	0.00	1.10
1992	5	0	5	0.08	0.00	5.26
1993	0	0	0	0.00	0.00	0.00
1994*	3	0	3	0.04	0.00	3.41
1995	1	0	1	0.02	0.00	1.19
1996	0	0	0	0.00	0.00	0.00
1997	0	0	0	0.00	0.00	0.00
1998	0	0	0	0.00	0.00	0.00
1999	1	0	1	0.01	0.00	1.28
2000	3	0	3	0.04	0.00	4.48
2001	3	1	2	0.04	0.01	2.90
2002	1	0	1	0.01	0.00	1.32
2003	1	1	0	0.01	0.01	0.00
2004	3	0	3	0.03	0.00	2.61
2005	1	0	1	0.01	0.00	0.93
2006	1	0	1	0.01	0.00	0.74
2007	0	0	0	0.00	0.00	0.00
2008	5	3	2	0.04	0.02	1.35
2009	0	0	0	0.00	0.00	0.00
2010	3	0	3	0.02	0.00	1.99
2011	5	2	3	0.03	0.01	1.84
2012	11	4	7	0.06	0.02	3.74
2013	16	2	14	0.08	0.01	6.51
Mean	3	1	2	0.03	0.00	1.81
Median	1	0	1	0.02	0.00	1.30
Standard deviation	4	1	3	0.03	0.01	1.84
Minimum	0	0	0	0.00	0.00	0.00
Maximum	16	4	14	0.08	0.02	6.51

* Orange County, Calif. defaulted the same year its rating was assigned.

Table 9

USPF Housing Annual Default Summary						
Year	Defaults			Default rate (%)		
	Total	Investment grade	Speculative grade	Overall	Investment grade	Speculative grade
1986	0	0	0	0.00	0.00	0.00

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 9**

USPF Housing Annual Default Summary (cont.)						
1987	1	1	0	0.04	0.04	0.00
1988	1	1	0	0.04	0.04	0.00
1989	0	0	0	0.00	0.00	0.00
1990	0	0	0	0.00	0.00	0.00
1991	18	0	18	0.63	0.00	22.50
1992	1	0	1	0.04	0.00	1.41
1993	2	0	2	0.07	0.00	3.70
1994*	1	0	1	0.04	0.00	2.50
1995	1	0	1	0.04	0.00	3.33
1996	1	0	1	0.04	0.00	5.56
1997	0	0	0	0.00	0.00	0.00
1998	2	0	2	0.08	0.00	16.67
1999	2	1	1	0.07	0.04	10.00
2000	0	0	0	0.00	0.00	0.00
2001	1	0	1	0.03	0.00	3.57
2002	6	2	4	0.17	0.06	16.00
2003	5	1	4	0.13	0.03	10.53
2004	4	1	3	0.11	0.03	6.00
2005	6	0	6	0.17	0.00	12.00
2006	3	1	2	0.09	0.03	3.85
2007	3	1	2	0.09	0.03	4.08
2008	1	0	1	0.03	0.00	2.27
2009	3	0	3	0.09	0.00	6.98
2010	0	0	0	0.00	0.00	0.00
2011	1	0	1	0.04	0.00	1.05
2012	0	0	0	0.00	0.00	0.00
2013	1	0	1	0.04	0.00	1.49
Mean	2	0	2	0.07	0.01	4.77
Median	1	0	1	0.04	0.00	2.92
Std Dev	4	1	3	0.12	0.02	5.96
Minimum	0	0	0	0.00	0.00	0.00
Maximum	18	2	18	0.63	0.06	22.50

Table 10

USPF Defaulted Obligors, 1986-2013					
Obligor	State	Category	Default date	Rating	
				Next to last	First
Lassen Community College District	CA	Appropriation	4/6/1987	CCC	BBB-
Devils Lake	ND	Utility Rev	9/16/1987	B	BBB-
New Jersey Economic Development Authority	NJ	Trans Rev	12/3/1987	CC	BBB
St. Josephs Hospital of Alton	IL	Health Care Rev	5/24/1989	CCC-	A
Central Medical Center Hospital	MO	Health Care Rev	6/7/1989	CCC-	BBB-

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 10****USPF Defaulted Obligors, 1986-2013 (cont.)**

Metro Hospital	PA	Health Care Rev	12/19/1989	CCC	A-
Choate-Symmes Health	MA	Health Care Rev	1/8/1990	CCC	A-
Colorado Ute Electric Assn.	CO	Utility Rev	7/6/1990	CCC	A-
Northwest General Hospital	MI	Health Care Rev	10/4/1990	C	BBB
Hyde Park Community Hospital; Central Community Hospital	IL	Health Care Rev	12/17/1991	CCC	BBB
Sacred Heart Medical Center of Chester	PA	Health Care Rev	1/8/1992	CCC	A-
Hialeah Hospital Inc.	FL	Health Care Rev	2/10/1992	CCC	BBB
Jackson Park Hospital Foundation	IL	Health Care Rev	3/4/1992	CCC	A
Jacksonville General Hospital & Medical Center	FL	Health Care Rev	4/2/1992	CCC	BBB
James C. Guiffre Medical Center	PA	Health Care Rev	7/2/1992	CCC	BBB
New Magma Irrigation & Drainage District	AZ	Tax secured	6/2/1994	C	BBB+
Parkview Hospital	OH	Health Care Rev	10/13/1994	C	A-
Central Arizona Irrigation & Drainage District	AZ	Tax secured	12/2/1994	C	BBB
Orange County	CA	Tax secured	12/8/1994	CCC	AA-
Michigan Health Care Corp.	MI	Health Care Rev	9/20/1995	CCC	BB
Logan General Hospital	WV	Health Care Rev	2/3/1999	CCC	BBB
Graduate Health System Obligated Group	PA	Health Care Rev	1/4/2000	CCC	A
South Fulton Medical Center	GA	Health Care Rev	4/27/2000	CCC	BBB+
Bradford College	MA	Higher Ed Rev	11/2/2000	CCC	BBB-
Granada Hills Community Hospital	CA	Health Care Rev	5/14/2001	CCC	BBB-
Crouse Health Hospital	NY	Health Care Rev	7/3/2001	CCC	BBB
Spokane Downtown Foundation	WA	Trans Rev	8/9/2001	CCC	BBB-
Oregon Coast Aquarium	OR	Higher Ed Rev	10/7/2002	CCC	BBB-
Illinois	IL	Appropriation	2/4/2003	A	A-
Mercy Hospital and Medical Center	IL	Health Care Rev	1/5/2004	CCC	A
St. Paul Housing & Redevelopment Authority	MN	Utility Rev	12/2/2004	CCC	A
St. Paul Port Authority	MN	Utility Rev	12/2/2004	CCC	A
Kerr County	TX	Appropriation	3/14/2005	CC	A-
Massachusetts Port Authority	MA	Trans Rev	1/4/2006	CCC-	BBB+
Jefferson County	MI	Health Care Rev	3/31/2008	B	BBB
North Oakland Medical Center	AL	Utility Rev	4/1/2008	CCC	A+
Jefferson County	AL	Tax Secured	9/24/2008	B	AA-
Pascack Valley Hospital	NJ	Health Care Rev	9/30/2008	CC	A
Presidio County	TX	Tax secured	12/11/2008	BBB-	BBB-
Connector 2000 Assn.	SC	Trans Rev	1/11/2010	C	BBB-
Valley Health System	CA	Health Care Rev	6/4/2010	C	BBB-
Xenia Rural Water District	IA	Utility Rev	7/8/2010	BB	BBB
Northern Berkshire Healthcare	MA	Health Care Rev	6/20/2011	CCC	BBB-
Santa Rosa Bay Bridge Authority	FL	Trans Rev	7/26/2011	CC	BBB-
Texas Midwest Public Facilities Corp.	TX	Appropriation	10/10/2011	CC	BB
Greater Wenatchee Regional Events Center Public Facilities District	WA	Tax secured	12/2/2011	CCC	A-
Jones County	TX	Appropriation	12/8/2011	CC	A-

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 10****USPF Defaulted Obligors, 1986-2013 (cont.)**

Southern Montana Electric Generation & Transportationmission Co-op	MT	Utility Rev	1/24/2012	CC	BBB
Stockton	CA	Tax secured	3/2/2012	A-	A+
Moberly	CO	Tax secured	3/22/2012	A-	A-
Moberly	MO	Appropriation	3/22/2012	CC	A-
Poudre Tech Metro District	MO	Appropriation	3/22/2012	CC	A-
Evergreen Country Day School	CO	Higher Ed Rev	3/27/2012	CCC	BB
Jefferson County	AL	Tax secured	4/4/2012	C	C
Capital Project Finance Authority	FL	Higher Ed Rev	7/13/2012	C	BBB
Stockton	CA	Tax secured	9/4/2012	C	AA
Westerly Hospital	RI	Health Care Rev	9/7/2012	C	BBB+
Southeastern Regional Medical Center	NC	Health Care Rev	9/28/2012	A	A
Jefferson County	AL	Utility Rev	2/8/2013	C	A
Vadnais Heights	MN	Appropriation	2/26/2013	CC	AA-
West Penn Allegheny Health System	PA	Health Care Rev	4/29/2013	CC	B+
Fritch	TX	Tax secured	5/31/2013	BBB-	BBB
Detroit	MI	Appropriation	6/18/2013	CC	BBB
Detroit	MI	Appropriation	6/18/2013	CC	BBB-
Detroit	MI	Appropriation	6/18/2013	CC	BBB-
Detroit	MI	Appropriation	6/18/2013	CC	BBB-
Detroit	MI	Appropriation	6/18/2013	CC	BBB-
Riverbank Redevelopment Agency	CA	Tax secured	8/8/2013	CC	BBB
Riverbank Redevelopment Agency	CA	Tax secured	8/8/2013	CC	BBB
Stockton	CA	Appropriation	9/3/2013	C	A
Stockton	CA	Appropriation	9/3/2013	C	A
Please Touch Museum	PA	Higher Ed Rev	9/5/2013	BB-	BBB-
Bradford Academy	MI	Appropriation	9/20/2013	CCC+	BBB-
Detroit	MI	Tax secured	10/2/2013	C	BBB

Table 11**USPF Housing Defaults, 1986-2013**

Obligor	State	Default date	Rating	
			Next to last	First
Pines of Yellow Creek	WY	12/2/1987	CC	AAA
St. Louis Land Clear Redevelopment Authority	MO	3/18/1988	AA+	AA+
El Paso Housing Finance Corp.	TX	5/2/1991	CC	AAA
Nebraska Investment Finance Authority	NE	5/2/1991	CC	AAA
Nebraska Investment Finance Authority	NE	5/2/1991	CC	AAA
Adams County	CO	5/2/1991	CC	AAA
El Paso Housing Finance Corp.	TX	5/2/1991	CC	A
Midland County Housing Finance Corp.	TX	6/4/1991	CC	A+
Tucson Industrial Development Authority	AZ	6/6/1991	CCC	AAA
Tucson Industrial Development Authority	AZ	6/6/1991	CCC	AAA

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 11**

USPF Housing Defaults, 1986-2013 (cont.)				
Simi Valley	CA	8/6/1991	CC	AAA
Simi Valley	CA	8/6/1991	CC	AAA
St. Paul Housing & Redevelopment Authority	MN	9/3/1991	CCC	AAA
Southeast Texas Housing Finance Corp.	TX	9/3/1991	CC	AAA
St. Paul Housing & Redevelopment Authority	MN	9/3/1991	CCC	AAA
Health, Education, & Housing Facilities Board of Memphis	TN	9/17/1991	CC	AAA
Health, Education, & Housing Facilities Board of Memphis	TN	9/17/1991	CC	A
Northern California Home Mortgage Finance Authority	CA	10/1/1991	CC	AA-
Louisiana Agricultural Finance Authority	LA	10/2/1991	CC	AAA
Louisiana Agricultural Finance Authority	LA	10/2/1991	CC	AAA
El Paso County	CO	3/16/1992	B	A+
Jefferson County	AL	3/2/1993	CCC	A+
Aurora	CO	9/2/1993	CCC	A
El Paso County	CO	9/21/1994	CCC	AA
Louisiana Housing Finance Agency	LA	3/30/1995	CC	A
Los Angeles Housing Authority	CA	6/3/1996	CCC	A
Windsor Housing Foundation	MN	1/28/1998	NR	BBB
Windsor Housing Foundation	MN	1/28/1998	NR	A
Louisville & Jefferson County Metropolitan Government	KY	11/14/1998	CC	A-
Radcliff Housing Authority	KY	11/14/1998	CC	A-
Falls Township Hospital Authority	PA	2/2/1999	CCC	AAA
Boulder County	CO	11/1/1999	CC	A
Blackwater Housing Corp.	FL	9/6/2001	CC	BBB
Emerald Coast Housing Corp.	FL	1/8/2002	CCC	BBB
Emerald Coast Housing Corp.	FL	1/8/2002	B	A
Patten Towers L.P. II	TN	8/1/2002	C	BBB
Patten Towers L.P. II	TN	8/1/2002	CC	A-
Indianapolis	IN	11/11/2002	CCC	A
Indianapolis	IN	11/11/2002	CCC-	BBB
American Opportunity Foundation/Dallas Fort Worth Affordable Housing Corp.	TX	1/2/2003	CCC	BB-
Austin Housing Finance Corp.	TX	1/8/2003	CC	BBB
Austin Housing Finance Corp.	TX	1/8/2003	CCC	A
Birmingham	AL	1/30/2003	CCC-	BBB
Wichita	KS	6/23/2003	AAA	AAA
Mercy Housing	AZ	8/19/2004	B	A
Mercy Housing	AZ	8/19/2004	CCC	BBB
Texas State Affordable Housing Corp.	TX	10/8/2004	CC	BBB-
Texas State Affordable Housing Corp.	TX	10/8/2004	C	BB
Harris County Housing Finance Corp.	TX	4/11/2005	B	BBB
Harris County Housing Finance Corp.	TX	4/11/2005	CCC	BB
Raleigh Housing Authority	NC	6/10/2005	CC	A-
American Opportunity for Housing	TX	9/22/2005	C	BBB-

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 11**

USPF Housing Defaults, 1986-2013 (cont.)				
American Opportunity for Housing	TX	9/22/2005	C	BB
De Kalb County Housing Authority	GA	10/20/2005	C	BBB
Shelby County Health, Education, & Housing Facilities Board	TN	1/13/2006	CCC	A
Liberty Housing Development Corp.	NY	3/20/2006	AA-	AAA
American Housing Foundation	TX	3/28/2006	C	BBB-
St. Louis Industrial Development Authority	MO	4/3/2007	C	BBB+
St. Cloud Housing & Redevelopment Authority	MN	5/29/2007	B	BBB
Little Rock Family Housing LLC	AR	10/11/2007	BB	A-
South Texas Affordable Housing Corp.	TX	9/9/2008	C	BB
Harris County Housing Finance Corp.	TX	3/3/2009	CCC	A
American Opportunity for Housing	TX	3/6/2009	C	A-
South Texas Affordable Housing Corp.	TX	3/12/2009	C	BBB-
American Housing Foundation	TX	5/20/2011	C	A
American Opportunity Foundation/Bexar Affordable Housing Corp	TX	10/21/2013	B	BBB-

Table 12A

USPF Obligor Cumulative Average Default Rates By Category, 1986-2013 (%)															
Rating	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11	Y12	Y13	Y14	Y15
AAA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA	0.00	0.00	0.01	0.01	0.01	0.01	0.02	0.02	0.02	0.02	0.03	0.03	0.04	0.04	0.05
A	0.01	0.02	0.03	0.04	0.05	0.05	0.06	0.07	0.08	0.09	0.10	0.11	0.11	0.12	0.14
BBB	0.01	0.06	0.10	0.16	0.22	0.28	0.33	0.36	0.39	0.42	0.45	0.48	0.51	0.54	0.57
BB	0.19	1.05	1.98	2.67	3.04	3.38	3.52	3.68	3.84	3.94	4.03	4.03	4.25	4.25	4.25
B	2.12	3.64	4.43	5.68	6.77	7.94	9.45	10.25	11.14	11.76	12.10	12.46	12.84	12.84	12.84
CCC/C	17.13	22.95	27.83	31.52	33.71	34.84	36.03	37.25	38.51	39.82	41.17	42.56	42.56	42.56	42.56
Investment grade	0.01	0.02	0.03	0.05	0.07	0.09	0.10	0.11	0.13	0.14	0.15	0.16	0.17	0.19	0.20
Speculative grade	2.01	3.41	4.62	5.67	6.33	6.90	7.41	7.80	8.22	8.53	8.81	9.03	9.26	9.26	9.26
All rated	0.03	0.06	0.09	0.11	0.14	0.16	0.19	0.20	0.22	0.24	0.25	0.26	0.28	0.29	0.31

Table 12B

USPF Obligor Cumulative Average Default Rates By Category, 1986-2013 (%)												
Rating	Y16	Y17	Y18	Y19	Y20	Y21	Y22	Y23	Y24	Y25	Y26	Y27
AAA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA	0.05	0.06	0.06	0.08	0.10	0.12	0.14	0.17	0.19	0.22	0.25	0.30
A	0.14	0.16	0.16	0.17	0.18	0.18	0.19	0.19	0.19	0.19	0.19	0.19
BBB	0.58	0.59	0.60	0.61	0.62	0.63	0.64	0.66	0.68	0.70	0.73	0.78
BB	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25
B	12.84	12.84	12.84	12.84	12.84	12.84	12.84	12.84	12.84	12.84	12.84	12.84
CCC/C	42.56	42.56	42.56	42.56	42.56	42.56	42.56	42.56	42.56	42.56	42.56	42.56
Investment grade	0.21	0.22	0.23	0.24	0.25	0.25	0.27	0.28	0.29	0.30	0.31	0.33
Speculative grade	9.26	9.26	9.26	9.26	9.26	9.26	9.26	9.26	9.26	9.26	9.26	9.26
All rated	0.31	0.32	0.33	0.34	0.35	0.36	0.37	0.38	0.39	0.40	0.41	0.43

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 13A**

USPF Housing Cumulative Average Default Rates By Category, 1986-2013 (%)															
Rating	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11	Y12	Y13	Y14	Y15
AAA	0.01	0.05	0.07	0.10	0.13	0.13	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
AA	0.01	0.02	0.03	0.04	0.06	0.07	0.07	0.09	0.10	0.11	0.11	0.11	0.11	0.11	0.11
A	0.02	0.07	0.15	0.23	0.32	0.42	0.51	0.54	0.57	0.58	0.59	0.60	0.61	0.61	0.61
BBB	0.09	0.58	1.08	1.54	2.11	2.69	3.03	3.23	3.38	3.43	3.43	3.43	3.43	3.43	3.43
BB	2.88	4.17	5.89	7.26	8.49	9.35	9.80	9.80	10.05	10.32	10.32	10.32	10.32	10.32	10.32
B	2.58	5.80	8.15	9.20	9.20	9.20	9.89	10.69	10.69	10.69	10.69	10.69	10.69	10.69	10.69
CCC/C	14.29	19.93	23.07	25.82	27.60	28.86	29.54	29.54	29.54	29.54	29.54	29.54	29.54	29.54	29.54
Investment grade	0.01	0.06	0.10	0.15	0.20	0.24	0.26	0.28	0.29	0.30	0.30	0.30	0.31	0.31	0.31
Speculative grade	4.85	7.39	9.52	11.11	12.20	12.97	13.51	13.66	13.82	13.98	13.98	13.98	13.98	13.98	13.98
All rated	0.08	0.16	0.23	0.29	0.35	0.40	0.43	0.45	0.47	0.47	0.48	0.48	0.48	0.48	0.48

Table 13B

USPF Housing Cumulative Average Default Rates By Category, 1986-2013 (%)												
Rating	Y16	Y17	Y18	Y19	Y20	Y21	Y22	Y23	Y24	Y25	Y26	Y27
AAA	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
AA	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11
A	0.61	0.61	0.61	0.61	0.61	0.61	0.61	0.61	0.61	0.61	0.61	0.61
BBB	3.43	3.43	3.43	3.43	3.43	3.43	3.43	3.43	3.43	3.43	3.43	3.43
BB	10.32	10.32	10.32	10.32	10.32	10.32	10.32	10.32	10.32	10.32	10.32	10.32
B	10.69	10.69	10.69	10.69	10.69	10.69	10.69	10.69	10.69	10.69	10.69	10.69
CCC/C	29.54	29.54	29.54	29.54	29.54	29.54	29.54	29.54	29.54	29.54	29.54	29.54
Investment grade	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31
Speculative grade	13.98	13.98	13.98	13.98	13.98	13.98	13.98	13.98	13.98	13.98	13.98	13.98
All rated	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48

Table 14A

USPF Obligor Cumulative Average Default Rates By Modifier, 1986-2013 (%)															
Rating	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11	Y12	Y13	Y14	Y15
AAA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA+	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA	0.00	0.01	0.01	0.01	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
AA-	0.00	0.00	0.01	0.01	0.01	0.01	0.02	0.03	0.03	0.04	0.05	0.06	0.07	0.09	0.10
A+	0.00	0.00	0.00	0.01	0.01	0.01	0.01	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
A	0.01	0.01	0.02	0.04	0.05	0.06	0.07	0.08	0.09	0.09	0.10	0.10	0.11	0.11	0.11
A-	0.01	0.04	0.07	0.08	0.09	0.10	0.12	0.14	0.16	0.18	0.19	0.22	0.24	0.28	0.32
BBB+	0.01	0.02	0.04	0.07	0.10	0.12	0.15	0.16	0.17	0.17	0.17	0.18	0.19	0.19	0.20
BBB	0.01	0.04	0.07	0.11	0.15	0.19	0.21	0.22	0.22	0.25	0.28	0.30	0.32	0.35	0.37
BBB-	0.05	0.20	0.33	0.49	0.72	0.90	1.11	1.28	1.42	1.56	1.67	1.82	1.92	2.02	2.14
BB+	0.24	0.50	0.79	0.95	1.12	1.30	1.51	1.51	1.51	1.51	1.80	1.80	1.80	1.80	1.80
BB	0.10	1.03	2.11	3.14	3.61	3.99	4.13	4.41	4.72	4.88	4.88	4.88	5.26	5.26	5.26
BB-	0.39	2.88	5.10	6.05	6.57	7.16	7.16	7.16	7.16	7.16	7.16	7.16	7.16	7.16	7.16

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 14A**

USPF Obligor Cumulative Average Default Rates By Modifier, 1986-2013 (%) (cont.)															
B+	0.88	3.61	4.53	8.39	10.40	12.59	16.08	18.67	20.09	20.09	22.00	24.43	27.23	27.23	27.23
B	3.43	4.45	4.81	4.81	5.20	5.61	6.04	6.04	6.55	7.08	7.08	7.08	7.08	7.08	7.08
B-	0.00	1.59	3.28	5.14	7.16	9.37	11.79	13.07	14.47	15.92	15.92	15.92	15.92	15.92	15.92
CCC/C	17.13	22.95	27.83	31.52	33.71	34.84	36.03	37.25	38.51	39.82	41.17	42.56	42.56	42.56	42.56
Investment grade	0.01	0.02	0.03	0.05	0.07	0.09	0.10	0.11	0.13	0.14	0.15	0.16	0.17	0.19	0.20
Speculative grade	2.01	3.41	4.62	5.67	6.33	6.90	7.41	7.80	8.22	8.53	8.81	9.03	9.26	9.26	9.26
All rated	0.03	0.06	0.09	0.11	0.14	0.16	0.19	0.20	0.22	0.24	0.25	0.26	0.28	0.29	0.31

Table 14B

USPF Obligor Cumulative Average Default Rates By Modifier, 1986-2013 (%)												
Rating	Y16	Y17	Y18	Y19	Y20	Y21	Y22	Y23	Y24	Y25	Y26	Y27
AAA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA+	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA	0.02	0.02	0.02	0.03	0.05	0.06	0.08	0.11	0.14	0.17	0.22	0.30
AA-	0.12	0.14	0.16	0.19	0.22	0.26	0.30	0.36	0.36	0.36	0.36	0.36
A+	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
A	0.13	0.15	0.16	0.17	0.17	0.18	0.19	0.20	0.20	0.20	0.20	0.20
A-	0.33	0.34	0.35	0.36	0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.38
BBB+	0.22	0.23	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
BBB	0.38	0.40	0.41	0.43	0.45	0.47	0.49	0.53	0.56	0.61	0.68	0.78
BBB-	2.14	2.14	2.14	2.14	2.14	2.14	2.14	2.14	2.14	2.14	2.14	2.14
BB+	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80
BB	5.26	5.26	5.26	5.26	5.26	5.26	5.26	5.26	5.26	5.26	5.26	5.26
BB-	7.16	7.16	7.16	7.16	7.16	7.16	7.16	7.16	7.16	7.16	7.16	7.16
B+	27.23	27.23	27.23	27.23	27.23	27.23	27.23	27.23	n/a	n/a	n/a	n/a
B	7.08	7.08	7.08	7.08	7.08	7.08	7.08	7.08	7.08	7.08	7.08	7.08
B-	15.92	15.92	15.92	15.92	15.92	15.92	15.92	15.92	15.92	15.92	n/a	n/a
CCC/C	42.56	42.56	42.56	42.56	42.56	42.56	42.56	42.56	42.56	42.56	42.56	42.56
Investment grade	0.21	0.22	0.23	0.24	0.25	0.25	0.27	0.28	0.29	0.30	0.31	0.33
Speculative grade	9.26	9.26	9.26	9.26	9.26	9.26	9.26	9.26	9.26	9.26	9.26	9.26
All rated	0.31	0.32	0.33	0.34	0.35	0.36	0.37	0.38	0.39	0.40	0.41	0.43

Table 15A

USPF Housing Cumulative Average Default Rates By Modifier, 1986-2013 (%)															
Rating	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11	Y12	Y13	Y14	Y15
AAA	0.01	0.05	0.07	0.10	0.13	0.13	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
AA+	0.01	0.03	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06
AA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.03	0.04	0.04	0.04	0.04	0.04	0.04
AA-	0.02	0.05	0.10	0.15	0.20	0.26	0.29	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32
A+	0.00	0.04	0.08	0.13	0.17	0.24	0.29	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31
A	0.00	0.04	0.09	0.21	0.33	0.43	0.51	0.57	0.63	0.65	0.67	0.70	0.72	0.72	0.72
A-	0.10	0.26	0.47	0.53	0.65	0.88	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06
BBB+	0.00	0.00	0.18	0.36	0.74	1.12	1.51	1.90	2.10	2.30	2.30	2.30	2.30	2.30	2.30

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 15A**

USPF Housing Cumulative Average Default Rates By Modifier, 1986-2013 (%) (cont.)															
BBB	0.11	0.64	1.31	2.09	3.12	4.05	4.52	4.77	5.02	5.02	5.02	5.02	5.02	5.02	5.02
BBB-	0.13	0.92	1.47	1.74	1.88	2.17	2.32	2.32	2.32	2.32	2.32	2.32	2.32	2.32	2.32
BB+	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BB	4.10	5.98	8.17	9.43	10.47	11.27	11.55	11.55	11.86	12.20	12.20	12.20	12.20	12.20	12.20
BB-	2.17	2.17	5.33	12.34	19.35	22.86	26.37	26.37	26.37	26.37	26.37	26.37	26.37	26.37	26.37
B+	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B	3.07	6.35	8.49	9.07	9.07	9.07	9.84	10.70	10.70	10.70	10.70	10.70	10.70	10.70	10.70
B-	0.00	5.56	12.82	22.51	22.51	22.51	22.51	22.51	22.51	22.51	N/A	N/A	N/A	N/A	N/A
CCC/C	14.29	19.93	23.07	25.82	27.60	28.86	29.54	29.54	29.54	29.54	29.54	29.54	29.54	29.54	29.54
Investment grade	0.01	0.06	0.10	0.15	0.20	0.24	0.26	0.28	0.29	0.30	0.30	0.30	0.31	0.31	0.31
Speculative grade	4.85	7.39	9.52	11.11	12.20	12.97	13.51	13.66	13.82	13.98	13.98	13.98	13.98	13.98	13.98
All rated	0.08	0.16	0.23	0.29	0.35	0.40	0.43	0.45	0.47	0.47	0.48	0.48	0.48	0.48	0.48

N/A--Not applicable.

Table 15B

USPF Housing Cumulative Average Default Rates By Modifier, 1986-2013 (%)												
Rating	Y16	Y17	Y18	Y19	Y20	Y21	Y22	Y23	Y24	Y25	Y26	Y27
AAA	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
AA+	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06
AA	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
AA-	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32
A+	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31
A	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72
A-	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06
BBB+	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
BBB	5.02	5.02	5.02	5.02	5.02	5.02	5.02	5.02	5.02	5.02	5.02	5.02
BBB-	2.32	2.32	2.32	2.32	2.32	2.32	2.32	2.32	2.32	2.32	2.32	2.32
BB+	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	N/A
BB	12.20	12.20	12.20	12.20	12.20	12.20	12.20	12.20	12.20	12.20	12.20	12.20
BB-	26.37	26.37	26.37	26.37	26.37	26.37	26.37	26.37	26.37	N/A	N/A	N/A
B+	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	N/A	N/A	N/A
B	10.70	10.70	10.70	10.70	10.70	10.70	10.70	10.70	10.70	10.70	10.70	10.70
B-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CCC/C	29.54	29.54	29.54	29.54	29.54	29.54	29.54	29.54	29.54	29.54	29.54	29.54
Investment grade	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31
Speculative grade	13.98	13.98	13.98	13.98	13.98	13.98	13.98	13.98	13.98	13.98	13.98	13.98
All rated	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48

N/A--Not applicable.

Table 16

USPF Static Pool Default Rates, 1986-2013 (%)															
Rating	Issuers	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11	Y12	Y13	Y14
1986	5,039	0.00	0.06	0.06	0.12	0.18	0.20	0.30	0.30	0.34	0.36	0.36	0.36	0.36	0.40

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 16**

USPF Static Pool Default Rates, 1986-2013 (%) (cont.)																
1987	5,199	0.06	0.06	0.12	0.17	0.19	0.29	0.29	0.33	0.35	0.35	0.35	0.35	0.37	0.38	0.38
1988	5,173	0.00	0.06	0.12	0.14	0.21	0.21	0.25	0.27	0.27	0.27	0.27	0.29	0.31	0.31	0.31
1989	5,317	0.06	0.11	0.13	0.21	0.21	0.24	0.26	0.26	0.26	0.26	0.28	0.30	0.30	0.30	0.30
1990	5,613	0.05	0.07	0.16	0.16	0.21	0.23	0.23	0.23	0.23	0.25	0.27	0.27	0.27	0.27	0.32
1991	5,969	0.02	0.10	0.10	0.15	0.17	0.17	0.17	0.17	0.18	0.20	0.20	0.20	0.20	0.25	0.25
1992	6,414	0.08	0.08	0.12	0.14	0.14	0.14	0.14	0.16	0.17	0.17	0.17	0.17	0.22	0.22	0.22
1993	6,734	0.00	0.04	0.06	0.06	0.06	0.06	0.07	0.09	0.09	0.09	0.09	0.13	0.13	0.13	0.13
1994	6,782	0.04	0.06	0.06	0.06	0.06	0.07	0.10	0.10	0.10	0.10	0.15	0.15	0.15	0.15	0.19
1995	6,599	0.02	0.02	0.02	0.02	0.03	0.06	0.06	0.06	0.06	0.11	0.11	0.11	0.11	0.15	0.15
1996	6,630	0.00	0.00	0.00	0.02	0.05	0.05	0.05	0.06	0.11	0.11	0.11	0.11	0.15	0.15	0.17
1997	6,903	0.00	0.00	0.01	0.04	0.06	0.06	0.07	0.12	0.12	0.12	0.12	0.16	0.16	0.17	0.20
1998	7,663	0.00	0.01	0.04	0.07	0.07	0.08	0.12	0.12	0.12	0.12	0.16	0.16	0.17	0.20	0.21
1999	8,557	0.01	0.05	0.08	0.09	0.11	0.14	0.14	0.14	0.14	0.18	0.18	0.20	0.22	0.23	0.25
2000	7,014	0.04	0.09	0.10	0.11	0.16	0.16	0.16	0.16	0.21	0.21	0.24	0.27	0.30	0.31	
2001	7,631	0.04	0.05	0.07	0.10	0.10	0.10	0.10	0.16	0.16	0.18	0.21	0.24	0.26		
2002	8,381	0.01	0.02	0.06	0.06	0.07	0.07	0.12	0.12	0.14	0.17	0.20	0.23			
2003	9,088	0.01	0.04	0.06	0.07	0.07	0.12	0.12	0.14	0.17	0.20	0.22				
2004	9,934	0.03	0.04	0.05	0.05	0.10	0.10	0.12	0.14	0.17	0.21					
2005	10,378	0.01	0.02	0.02	0.07	0.07	0.09	0.11	0.13	0.18						
2006	10,897	0.01	0.01	0.06	0.06	0.07	0.09	0.12	0.17							
2007	11,602	0.00	0.04	0.04	0.07	0.09	0.11	0.20								
2008	12,299	0.04	0.04	0.07	0.08	0.13	0.23									
2009	13,299	0.00	0.02	0.05	0.09	0.20										
2010	15,287	0.02	0.05	0.10	0.20											
2011	16,856	0.03	0.09	0.18												
2012	17,711	0.06	0.15													
2013	18,847	0.08														
Marginal average		0.08	0.08	0.07	0.06	0.06	0.05	0.03	0.02	0.02	0.01	0.00	0.00	0.00	0.00	0.00
Cumulative average		0.03	0.06	0.09	0.11	0.14	0.16	0.19	0.20	0.22	0.24	0.25	0.26	0.28	0.29	0.31
Standard deviation		0.03	0.04	0.05	0.05	0.06	0.07	0.07	0.07	0.08	0.08	0.08	0.08	0.08	0.08	0.08
Median		0.02	0.05	0.06	0.08	0.10	0.11	0.12	0.14	0.17	0.18	0.20	0.20	0.22	0.23	0.23
Minimum		0.00	0.00	0.00	0.02	0.03	0.05	0.05	0.06	0.06	0.09	0.09	0.11	0.11	0.13	0.13
Maximum		0.08	0.15	0.18	0.21	0.21	0.29	0.30	0.33	0.35	0.36	0.36	0.36	0.37	0.38	0.40

Table 17

USPF Obligor Static Pool Default Rates By Category, 1986-2013 (%)																
Issuers	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11	Y12	Y13	Y14	Y15	
Rating: AAA																
1986	52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1987	49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1988	48	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1989	51	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 17**

USPF Obligor Static Pool Default Rates By Category, 1986-2013 (%) (cont.)																
1990	57	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1991	62	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1992	57	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1993	61	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1994	64	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1995	66	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1996	70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1997	82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1998	101	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1999	120	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2000	133	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2001	157	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2002	207	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2003	226	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2004	241	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2005	263	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2006	274	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2007	346	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2008	394	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2009	535	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2010	630	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2011	681	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2012	678	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2013	703	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Marginal average		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cumulative average		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Standard deviation		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Median		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Minimum		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maximum		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rating: AA																
1986	964	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1987	1,033	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1988	1,059	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1989	1,136	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1990	1,223	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1991	1,335	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1992	1,387	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1993	1,478	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update

Table 17

USPF Obligor Static Pool Default Rates By Category, 1986-2013 (%) (cont.)																
1994	1,497	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.07
1995	1,495	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.07
1996	1,592	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.06
1997	1,703	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.06	0.06
1998	1,855	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.05	0.05	0.05	0.05
1999	2,033	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.05	0.05	0.05	0.05	0.05
2000	1,721	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.06	0.06	0.06	0.06	0.06	
2001	2,099	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.05	0.05	0.05	0.05	0.05	0.05	
2002	2,522	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.04	0.04	0.04	0.04	0.04	0.04		
2003	2,738	0.00	0.00	0.00	0.00	0.00	0.04	0.04	0.04	0.04	0.04	0.04	0.04			
2004	3,001	0.00	0.00	0.00	0.00	0.03	0.03	0.03	0.03	0.03	0.03					
2005	3,061	0.00	0.00	0.00	0.03	0.03	0.03	0.03	0.03	0.03	0.03					
2006	3,319	0.00	0.00	0.03	0.03	0.03	0.03	0.03	0.03	0.03						
2007	3,520	0.00	0.03	0.03	0.03	0.03	0.03	0.03	0.03							
2008	3,758	0.03	0.03	0.03	0.03	0.03	0.03									
2009	4,506	0.00	0.00	0.00	0.00	0.00										
2010	5,692	0.00	0.00	0.00	0.00											
2011	6,521	0.00	0.00	0.02												
2012	6,675	0.00	0.02													
2013	7,026	0.00														
Marginal average		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01
Cumulative average		0.00	0.00	0.01	0.01	0.01	0.01	0.02	0.02	0.02	0.02	0.02	0.03	0.03	0.04	0.05
Standard deviation		0.01	0.01	0.01	0.01	0.01	0.01	0.02	0.02	0.02	0.02	0.02	0.03	0.03	0.03	0.03
Median		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Minimum		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maximum		0.03	0.03	0.03	0.03	0.03	0.04	0.04	0.05	0.06	0.06	0.06	0.06	0.06	0.07	0.07
Rating: A																
1986	2,958	0.00	0.00	0.00	0.00	0.07	0.07	0.10	0.10	0.14	0.14	0.14	0.14	0.14	0.14	0.17
1987	2,986	0.00	0.00	0.00	0.07	0.07	0.10	0.10	0.13	0.13	0.13	0.13	0.13	0.13	0.17	0.17
1988	2,921	0.00	0.00	0.07	0.07	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.14	0.14	0.14
1989	2,935	0.00	0.07	0.07	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.14	0.14	0.14	0.14
1990	3,073	0.00	0.00	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.07	0.07	0.07	0.07	0.16
1991	3,180	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.03	0.03	0.03	0.13	0.13
1992	3,415	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.03	0.03	0.03	0.06	0.06	0.06
1993	3,514	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.03	0.03	0.03	0.06	0.06	0.06	0.06
1994	3,507	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.03	0.03	0.03	0.06
1995	3,338	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.03	0.03	0.03	0.06	0.06
1996	3,249	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.06	0.06	0.06	0.06	0.06	0.06	0.06
1997	3,367	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 17**

USPF Obligor Static Pool Default Rates By Category, 1986-2013 (%) (cont.)																
1998	3,775	0.00	0.00	0.00	0.00	0.00	0.03	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
1999	4,251	0.00	0.00	0.00	0.00	0.02	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
2000	3,520	0.00	0.00	0.00	0.03	0.03	0.03	0.03	0.03	0.06	0.06	0.06	0.06	0.09	0.11	
2001	3,697	0.00	0.00	0.03	0.03	0.03	0.03	0.03	0.05	0.05	0.05	0.05	0.08	0.11		
2002	3,957	0.00	0.03	0.03	0.03	0.03	0.03	0.05	0.05	0.05	0.05	0.08	0.10			
2003	4,316	0.02	0.02	0.05	0.05	0.05	0.07	0.07	0.07	0.07	0.09	0.12				
2004	4,675	0.00	0.02	0.02	0.02	0.04	0.04	0.04	0.04	0.06	0.11					
2005	5,126	0.00	0.00	0.00	0.02	0.02	0.02	0.02	0.04	0.10						
2006	5,330	0.00	0.00	0.02	0.02	0.02	0.02	0.04	0.08							
2007	5,690	0.00	0.02	0.02	0.02	0.02	0.04	0.07								
2008	5,980	0.02	0.02	0.02	0.02	0.07	0.10									
2009	6,312	0.00	0.00	0.02	0.06	0.08										
2010	7,404	0.00	0.03	0.07	0.09											
2011	8,191	0.02	0.10	0.12												
2012	8,791	0.03	0.03													
2013	9,409	0.00														
Marginal average		0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Cumulative average		0.01	0.02	0.03	0.04	0.05	0.05	0.06	0.07	0.08	0.09	0.10	0.11	0.11	0.12	0.14
Standard deviation		0.01	0.02	0.03	0.03	0.03	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.05
Median		0.00	0.00	0.01	0.02	0.02	0.03	0.04	0.05	0.06	0.05	0.06	0.06	0.06	0.06	0.06
Minimum		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.03	0.03	0.03	0.05
Maximum		0.03	0.10	0.12	0.10	0.10	0.10	0.10	0.13	0.14	0.14	0.14	0.14	0.14	0.17	0.17
Rating: BBB																
1986	990	0.00	0.30	0.30	0.51	0.51	0.61	0.91	0.91	1.01	1.01	1.01	1.01	1.01	1.11	1.11
1987	1,050	0.10	0.10	0.29	0.29	0.38	0.67	0.67	0.76	0.76	0.76	0.76	0.76	0.86	0.86	0.86
1988	1,065	0.00	0.09	0.09	0.19	0.38	0.38	0.56	0.56	0.56	0.56	0.56	0.66	0.66	0.66	0.66
1989	1,114	0.00	0.00	0.00	0.00	0.00	0.18	0.18	0.18	0.18	0.18	0.27	0.27	0.27	0.27	0.27
1990	1,185	0.00	0.00	0.08	0.08	0.34	0.34	0.34	0.34	0.34	0.42	0.42	0.42	0.42	0.42	0.42
1991	1,301	0.00	0.08	0.08	0.31	0.31	0.31	0.31	0.31	0.38	0.38	0.38	0.38	0.38	0.38	0.38
1992	1,460	0.00	0.00	0.21	0.21	0.21	0.21	0.21	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27
1993	1,598	0.00	0.06	0.06	0.06	0.06	0.06	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
1994	1,626	0.00	0.00	0.00	0.00	0.00	0.06	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.25
1995	1,616	0.00	0.00	0.00	0.00	0.06	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.25	0.25
1996	1,645	0.00	0.00	0.00	0.06	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.30	0.30	0.36
1997	1,676	0.00	0.00	0.06	0.18	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.36	0.36	0.42	0.54
1998	1,862	0.00	0.00	0.05	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.27	0.27	0.32	0.43	0.48
1999	2,075	0.00	0.10	0.19	0.24	0.24	0.24	0.24	0.24	0.24	0.34	0.34	0.43	0.53	0.58	0.63
2000	1,573	0.00	0.13	0.13	0.13	0.19	0.19	0.19	0.19	0.32	0.32	0.45	0.57	0.64	0.64	
2001	1,609	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.19	0.19	0.31	0.37	0.44	0.44		

Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update

Table 17

USPF Obligor Static Pool Default Rates By Category, 1986-2013 (%) (cont.)																
2002	1,619	0.00	0.00	0.00	0.00	0.06	0.06	0.12	0.12	0.19	0.25	0.37	0.37			
2003	1,722	0.00	0.00	0.00	0.06	0.06	0.12	0.12	0.17	0.17	0.29	0.29				
2004	1,902	0.00	0.00	0.05	0.05	0.11	0.11	0.11	0.11	0.21	0.26					
2005	1,820	0.00	0.05	0.05	0.11	0.11	0.11	0.11	0.22	0.27						
2006	1,839	0.00	0.00	0.05	0.05	0.05	0.05	0.16	0.33							
2007	1,912	0.00	0.05	0.05	0.10	0.10	0.16	0.52								
2008	2,019	0.05	0.05	0.10	0.10	0.15	0.59									
2009	1,799	0.00	0.06	0.06	0.11	0.72										
2010	1,410	0.00	0.00	0.14	0.50											
2011	1,300	0.00	0.08	0.31												
2012	1,380	0.07	0.43													
2013	1,494	0.13														
Marginal average		0.01	0.05	0.04	0.05	0.07	0.06	0.05	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Cumulative average		0.01	0.06	0.10	0.16	0.22	0.28	0.33	0.36	0.39	0.42	0.45	0.48	0.51	0.54	0.57
Standard deviation		0.03	0.10	0.09	0.14	0.17	0.18	0.21	0.21	0.22	0.22	0.22	0.23	0.25	0.27	0.27
Median		0.00	0.05	0.06	0.10	0.15	0.18	0.19	0.19	0.22	0.27	0.31	0.37	0.37	0.42	0.40
Minimum		0.00	0.00	0.00	0.00	0.00	0.05	0.06	0.11	0.13	0.13	0.13	0.13	0.13	0.13	0.13
Maximum		0.13	0.43	0.31	0.51	0.72	0.67	0.91	0.91	1.01	1.01	1.01	1.01	1.01	1.11	1.11
Rating: BB																
1986	55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.82	1.82	1.82	1.82	1.82	1.82
1987	54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1988	55	0.00	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82
1989	54	3.70	3.70	3.70	5.56	5.56	5.56	5.56	5.56	5.56	5.56	5.56	5.56	5.56	5.56	5.56
1990	53	0.00	0.00	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89
1991	65	0.00	1.54	1.54	1.54	1.54	1.54	1.54	1.54	1.54	1.54	1.54	1.54	1.54	1.54	1.54
1992	66	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.03	3.03	3.03
1993	56	0.00	1.79	1.79	1.79	1.79	1.79	1.79	1.79	1.79	1.79	1.79	1.79	1.79	1.79	1.79
1994	62	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1995	62	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1996	55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1997	52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1998	47	0.00	0.00	2.13	2.13	2.13	2.13	2.13	2.13	2.13	2.13	2.13	2.13	2.13	2.13	2.13
1999	55	0.00	0.00	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82
2000	46	0.00	0.00	2.17	2.17	2.17	2.17	2.17	2.17	2.17	2.17	2.17	2.17	2.17	2.17	2.17
2001	49	0.00	2.04	2.04	2.04	2.04	2.04	2.04	2.04	2.04	2.04	4.08	4.08	4.08		
2002	54	1.85	1.85	1.85	1.85	1.85	1.85	3.70	3.70	5.56	5.56	5.56	5.56			
2003	63	0.00	0.00	0.00	0.00	0.00	3.17	3.17	4.76	6.35	6.35	6.35				
2004	82	0.00	0.00	0.00	0.00	2.44	2.44	2.44	3.66	3.66	3.66					
2005	82	0.00	0.00	0.00	1.22	1.22	1.22	2.44	2.44	2.44						

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 17**

USPF Obligor Static Pool Default Rates By Category, 1986-2013 (%) (cont.)																
2006	96	0.00	0.00	1.04	1.04	1.04	2.08	2.08	2.08							
2007	102	0.00	0.98	0.98	0.98	1.96	2.94	2.94								
2008	112	0.00	0.00	0.00	0.89	2.68	3.57									
2009	110	0.00	0.00	0.91	2.73	3.64										
2010	121	0.83	2.48	4.13	9.92											
2011	125	0.00	1.60	8.80												
2012	139	0.00	5.76													
2013	143	0.00														
Marginal average		0.19	0.86	0.93	0.71	0.38	0.34	0.15	0.16	0.17	0.09	0.10	0.00	0.23	0.00	0.00
Cumulative average		0.19	1.05	1.98	2.67	3.04	3.38	3.52	3.68	3.84	3.94	4.03	4.03	4.25	4.25	4.25
Standard deviation		0.78	1.42	1.92	2.16	1.37	1.41	1.46	1.64	1.99	1.99	2.07	1.82	1.58	1.50	1.54
Median		0.00	0.00	1.01	1.22	1.80	1.82	1.85	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.80
Minimum		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maximum		3.70	5.76	8.80	9.92	5.56	5.56	5.56	5.56	6.35	6.35	6.35	5.56	5.56	5.56	5.56
Rating: B																
1986	16	0.00	0.00	0.00	0.00	0.00	0.00	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25
1987	20	0.00	0.00	0.00	0.00	0.00	5.00	5.00	5.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
1988	17	0.00	0.00	0.00	0.00	5.88	5.88	5.88	11.76	11.76	11.76	11.76	11.76	11.76	11.76	11.76
1989	17	0.00	0.00	5.88	5.88	5.88	5.88	11.76	11.76	11.76	11.76	11.76	11.76	11.76	11.76	11.76
1990	13	0.00	7.69	7.69	7.69	7.69	15.38	15.38	15.38	15.38	15.38	15.38	15.38	15.38	15.38	15.38
1991	15	0.00	6.67	6.67	6.67	13.33	13.33	13.33	13.33	13.33	13.33	13.33	13.33	13.33	13.33	13.33
1992	14	0.00	0.00	0.00	7.14	7.14	7.14	7.14	7.14	7.14	7.14	7.14	7.14	7.14	7.14	7.14
1993	22	0.00	4.55	9.09	9.09	9.09	9.09	9.09	9.09	9.09	9.09	9.09	9.09	9.09	9.09	9.09
1994	19	10.53	15.79	15.79	15.79	15.79	15.79	15.79	15.79	15.79	15.79	15.79	15.79	15.79	15.79	15.79
1995	16	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25
1996	15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1997	16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1998	17	0.00	5.88	5.88	5.88	5.88	5.88	5.88	5.88	5.88	5.88	5.88	5.88	5.88	5.88	5.88
1999	14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2000	10	20.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00
2001	14	0.00	0.00	0.00	7.14	7.14	7.14	7.14	7.14	7.14	7.14	7.14	7.14	7.14	14.29	
2002	12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.33	8.33	16.67			
2003	18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.56	5.56	11.11				
2004	27	0.00	0.00	0.00	0.00	0.00	0.00	7.41	11.11	11.11	14.81					
2005	22	0.00	0.00	0.00	4.55	4.55	13.64	18.18	18.18	22.73						
2006	34	0.00	0.00	2.94	2.94	8.82	11.76	11.76	14.71							
2007	28	0.00	0.00	0.00	7.14	10.71	10.71	14.29								
2008	28	3.57	3.57	3.57	7.14	7.14	7.14									
2009	30	0.00	0.00	3.33	3.33	3.33										

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 17**

USPF Obligor Static Pool Default Rates By Category, 1986-2013 (%) (cont.)																
2010	21	0.00	0.00	0.00	0.00											
2011	23	0.00	4.35	4.35												
2012	26	0.00	3.85													
2013	41	14.63														
Marginal average		2.12	1.54	0.82	1.31	1.16	1.26	1.63	0.89	0.98	0.70	0.38	0.41	0.43	0.00	0.00
Cumulative average		2.12	3.64	4.43	5.68	6.77	7.94	9.45	10.25	11.14	11.76	12.10	12.46	12.84	12.84	12.84
Standard deviation		4.98	6.51	6.63	6.60	6.82	7.23	7.36	7.54	7.68	7.00	7.03	7.44	7.54	7.70	5.41
Median		0.00	0.00	0.00	4.55	5.88	6.25	7.14	7.14	8.12	8.33	8.71	9.09	9.55	9.09	8.12
Minimum		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maximum		20.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	15.79
Rating: CCC/C																
1986	4	0.00	0.00	0.00	25.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
1987	7	28.57	28.57	42.86	57.14	57.14	57.14	57.14	57.14	57.14	57.14	57.14	57.14	57.14	57.14	57.14
1988	8	0.00	12.50	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
1989	10	10.00	20.00	20.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
1990	9	33.33	33.33	55.56	55.56	55.56	55.56	55.56	55.56	55.56	55.56	55.56	55.56	55.56	55.56	55.56
1991	11	9.09	27.27	27.27	27.27	27.27	27.27	27.27	27.27	27.27	27.27	27.27	27.27	27.27	27.27	27.27
1992	15	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33
1993	5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	40.00	40.00	40.00	40.00
1994	7	14.29	14.29	14.29	14.29	14.29	14.29	14.29	14.29	14.29	14.29	42.86	42.86	42.86	42.86	42.86
1995	6	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	33.33	33.33	33.33	33.33	33.33	33.33
1996	4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
1997	7	0.00	0.00	0.00	0.00	0.00	0.00	0.00	28.57	28.57	28.57	28.57	28.57	28.57	28.57	28.57
1998	6	0.00	0.00	0.00	0.00	0.00	0.00	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33
1999	9	11.11	22.22	22.22	22.22	22.22	44.44	44.44	44.44	44.44	44.44	44.44	44.44	44.44	44.44	44.44
2000	11	9.09	9.09	9.09	9.09	27.27	27.27	27.27	27.27	27.27	27.27	27.27	27.27	27.27	27.27	27.27
2001	6	33.33	33.33	33.33	66.67	66.67	66.67	66.67	66.67	66.67	66.67	66.67	66.67	66.67	66.67	
2002	10	0.00	0.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	
2003	5	0.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00		
2004	6	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00				
2005	4	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00						
2006	5	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00							
2007	4	0.00	25.00	25.00	25.00	25.00	25.00	25.00								
2008	8	12.50	12.50	37.50	37.50	37.50	37.50									
2009	7	0.00	28.57	28.57	28.57	42.86										
2010	9	22.22	33.33	33.33	44.44											
2011	15	20.00	20.00	26.67												
2012	22	31.82	36.36													
2013	31	25.81														

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 17**

USPF Obligor Static Pool Default Rates By Category, 1986-2013 (%) (cont.)																
Marginal average	17.13	7.03	6.33	5.11	3.20	1.71	1.82	1.90	2.02	2.13	2.25	2.35	0.00	0.00	0.00	
Cumulative average	17.13	22.95	27.83	31.52	33.71	34.84	36.03	37.25	38.51	39.82	41.17	42.56	42.56	42.56	42.56	
Standard deviation	14.37	16.17	17.49	20.15	20.60	21.05	20.44	19.65	18.62	16.80	16.04	12.21	12.31	10.58	10.43	
Median	10.56	20.00	25.00	25.00	27.27	27.27	28.64	30.00	33.33	33.33	36.67	40.00	40.00	40.00	40.00	
Minimum	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25.00	25.00	25.00	25.00	
Maximum	50.00	60.00	60.00	66.67	66.67	66.67	66.67	66.67	66.67	66.67	66.67	66.67	66.67	57.14	57.14	

Table 18

USPF Obligor One-Year Static Pool Default Rates by Modifier																		
Year	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC/C	
1986	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
1987	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.08	0.00	0.00	0.00	0.00	0.00	0.00	28.57	
1988	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
1989	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.14	0.00	25.00	0.00	0.00	0.00	10.00	
1990	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	33.33	
1991	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.09	
1992	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	33.33	
1993	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
1994	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14.29	0.00	14.29	
1995	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.11	0.00	0.00	
1996	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
1997	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
1998	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
1999	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.11	
2000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.00	20.00	0.00	9.09	
2001	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	33.33	
2002	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.00	0.00	0.00	0.00	0.00	0.00	0.00	
2003	0.00	0.00	0.00	0.00	0.00	0.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2004	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.00	
2005	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25.00	
2006	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.00	
2007	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2008	0.00	0.00	0.08	0.00	0.00	0.04	0.00	0.00	0.00	0.24	0.00	0.00	0.00	0.00	6.67	0.00	12.50	
2009	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2010	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00	0.00	0.00	0.00	0.00	0.00	22.22	
2011	0.00	0.00	0.00	0.00	0.00	0.00	0.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.00	
2012	0.00	0.00	0.00	0.00	0.00	0.03	0.14	0.16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	31.82	
2013	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.50	0.00	0.00	0.00	0.00	18.18	0.00	25.81	

Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update

Table 19

USPF Housing Static Pool Default Rates, 1986-2013 (%)

Rating	Issuers	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11	Y12	Y13	Y14	Y15
1986	2,592	0.00	0.04	0.08	0.08	0.08	0.15	0.19	0.27	0.31	0.31	0.31	0.31	0.31	0.31	0.31
1987	2,706	0.04	0.07	0.07	0.07	0.52	0.55	0.63	0.67	0.67	0.67	0.67	0.67	0.70	0.70	0.70
1988	2,828	0.04	0.04	0.04	0.46	0.50	0.57	0.60	0.60	0.60	0.60	0.60	0.64	0.64	0.64	0.64
1989	2,987	0.00	0.00	0.40	0.44	0.50	0.54	0.54	0.54	0.54	0.54	0.57	0.57	0.57	0.57	0.57
1990	2,766	0.00	0.58	0.61	0.69	0.72	0.72	0.72	0.72	0.72	0.76	0.76	0.76	0.76	0.76	0.76
1991	2,851	0.63	0.67	0.74	0.77	0.81	0.81	0.81	0.81	0.84	0.84	0.84	0.84	0.84	0.84	0.84
1992	2,783	0.04	0.11	0.14	0.18	0.18	0.18	0.18	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22
1993	2,769	0.07	0.11	0.14	0.18	0.18	0.18	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
1994	2,603	0.04	0.08	0.12	0.12	0.12	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19
1995	2,639	0.04	0.08	0.08	0.08	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
1996	2,408	0.04	0.04	0.12	0.21	0.21	0.25	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42
1997	2,538	0.00	0.16	0.24	0.24	0.28	0.51	0.55	0.55	0.59	0.63	0.63	0.63	0.63	0.63	0.63
1998	2,661	0.08	0.15	0.15	0.19	0.41	0.53	0.60	0.64	0.71	0.75	0.75	0.75	0.75	0.75	0.75
1999	2,763	0.07	0.07	0.11	0.33	0.43	0.51	0.54	0.62	0.69	0.69	0.69	0.69	0.69	0.69	0.69
2000	2,977	0.00	0.03	0.24	0.37	0.44	0.57	0.64	0.71	0.71	0.74	0.74	0.74	0.74	0.74	
2001	3,254	0.03	0.22	0.37	0.43	0.55	0.61	0.68	0.68	0.71	0.71	0.71	0.71	0.71		
2002	3,504	0.17	0.31	0.43	0.54	0.60	0.66	0.66	0.68	0.68	0.68	0.68	0.68			
2003	3,723	0.13	0.24	0.40	0.48	0.54	0.56	0.64	0.64	0.67	0.67	0.67				
2004	3,746	0.11	0.27	0.35	0.40	0.43	0.51	0.51	0.53	0.53	0.53					
2005	3,624	0.17	0.25	0.33	0.36	0.44	0.44	0.47	0.47	0.47						
2006	3,466	0.09	0.17	0.20	0.29	0.29	0.32	0.32	0.32							
2007	3,336	0.09	0.12	0.21	0.21	0.24	0.24	0.24								
2008	3,267	0.03	0.12	0.12	0.15	0.15	0.15									
2009	3,309	0.09	0.09	0.12	0.12	0.12										
2010	3,153	0.00	0.03	0.03	0.03											
2011	2,715	0.04	0.04	0.04												
2012	2,584	0.00	0.04													
2013	2,430	0.04														
Marginal average		0.08	0.08	0.07	0.06	0.06	0.05	0.03	0.02	0.02	0.01	0.00	0.00	0.00	0.00	0.00
Cumulative average		0.08	0.16	0.23	0.29	0.35	0.40	0.43	0.45	0.47	0.47	0.48	0.48	0.48	0.48	0.48
Standard deviation		0.12	0.16	0.18	0.20	0.20	0.20	0.20	0.20	0.21	0.22	0.23	0.23	0.24	0.24	0.24
Median		0.04	0.11	0.15	0.24	0.42	0.51	0.54	0.55	0.60	0.63	0.65	0.64	0.63	0.63	0.60
Minimum		0.00	0.00	0.03	0.03	0.08	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Maximum		0.63	0.67	0.74	0.77	0.81	0.81	0.81	0.81	0.84	0.84	0.84	0.84	0.84	0.84	0.84

Table 20

USPF Housing Static Pool Default Rates By Category, 1986-2013 (%)

	Issuers	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11	Y12	Y13	Y14	Y15
Rating: AAA																
1986	866	0.00	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12
1987	889	0.11	0.11	0.11	0.11	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24

Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update

Table 20

USPF Housing Static Pool Default Rates By Category, 1986-2013 (%) (cont.)																
1988	911	0.00	0.00	0.00	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
1989	1,006	0.00	0.00	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99
1990	970	0.00	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44
1991	1,049	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1992	1,122	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1993	1,180	0.00	0.00	0.00	0.00	0.00	0.00	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08
1994	1,074	0.00	0.00	0.00	0.00	0.00	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09
1995	1,214	0.00	0.00	0.00	0.00	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08
1996	1,247	0.00	0.00	0.00	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08
1997	1,449	0.00	0.00	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
1998	1,723	0.00	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06
1999	1,827	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
2000	2,001	0.00	0.00	0.00	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
2001	2,216	0.00	0.00	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
2002	2,440	0.00	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
2003	2,596	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
2004	2,593	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2005	2,538	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2006	2,312	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2007	2,254	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2008	2,203	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2009	2,169	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2010	2,009	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2011	1,540	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2012	192	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2013	159	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Marginal average		0.01	0.04	0.03	0.03	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cumulative average		0.01	0.05	0.07	0.10	0.13	0.13	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Standard deviation		0.02	0.28	0.33	0.39	0.45	0.45	0.46	0.47	0.48	0.48	0.49	0.50	0.51	0.53	0.54
Median		0.00	0.00	0.00	0.04	0.04	0.05	0.06	0.06	0.06	0.07	0.07	0.08	0.08	0.08	0.08
Minimum		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maximum		0.11	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44
Rating: AA																
1986	1,016	0.00	0.00	0.10	0.10	0.10	0.20	0.20	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30
1987	1,057	0.00	0.09	0.09	0.09	0.19	0.19	0.19	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28
1988	1,090	0.09	0.09	0.09	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18
1989	1,105	0.00	0.00	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09
1990	1,006	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1991	934	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 20**

USPF Housing Static Pool Default Rates By Category, 1986-2013 (%) (cont.)																
1992	690	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1993	660	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1994	619	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1995	625	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1996	554	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1997	540	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.19	0.19	0.19	0.19	0.19	0.19
1998	469	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.21	0.21	0.21	0.21	0.21	0.21	0.21
1999	529	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19
2000	564	0.00	0.00	0.00	0.00	0.00	0.00	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18
2001	605	0.00	0.00	0.00	0.00	0.00	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	
2002	652	0.00	0.00	0.00	0.00	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15		
2003	657	0.00	0.00	0.00	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15			
2004	690	0.00	0.00	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14				
2005	676	0.00	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15					
2006	796	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13						
2007	773	0.00	0.00	0.00	0.00	0.00	0.00	0.00								
2008	777	0.00	0.00	0.00	0.00	0.00	0.00									
2009	826	0.00	0.00	0.00	0.00	0.00										
2010	828	0.00	0.00	0.00	0.00											
2011	786	0.00	0.00	0.00												
2012	2,013	0.00	0.00													
2013	1,889	0.00														
Marginal average		0.01	0.01	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00
Cumulative average		0.01	0.02	0.03	0.04	0.06	0.07	0.07	0.09	0.10	0.11	0.11	0.11	0.11	0.11	0.11
Standard deviation		0.03	0.04	0.05	0.06	0.07	0.08	0.08	0.09	0.10	0.10	0.11	0.11	0.11	0.11	0.12
Median		0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.13	0.15	0.15	0.15	0.15	0.13	0.09	0.05
Minimum		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maximum		0.13	0.15	0.15	0.18	0.19	0.20	0.20	0.28	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Rating: A																
1986	638	0.00	0.00	0.00	0.00	0.00	0.16	0.31	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63
1987	658	0.00	0.00	0.00	0.00	0.15	0.30	0.61	0.61	0.61	0.61	0.61	0.61	0.76	0.76	0.76
1988	718	0.00	0.00	0.00	0.14	0.28	0.56	0.70	0.70	0.70	0.70	0.70	0.84	0.84	0.84	0.84
1989	637	0.00	0.00	0.16	0.16	0.31	0.31	0.31	0.31	0.31	0.31	0.47	0.47	0.47	0.47	0.47
1990	569	0.00	0.18	0.18	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
1991	623	0.00	0.00	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16
1992	744	0.00	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
1993	727	0.00	0.00	0.00	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
1994	736	0.00	0.00	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
1995	655	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 20**

USPF Housing Static Pool Default Rates By Category, 1986-2013 (%) (cont.)																
1996	504	0.00	0.00	0.40	0.40	0.40	0.40	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79
1997	464	0.00	0.22	0.22	0.22	0.22	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86
1998	395	0.00	0.00	0.00	0.00	0.76	1.01	1.27	1.27	1.52	1.52	1.52	1.52	1.52	1.52	1.52
1999	337	0.00	0.00	0.00	0.89	1.19	1.48	1.48	1.78	1.78	1.78	1.78	1.78	1.78	1.78	1.78
2000	335	0.00	0.00	0.30	0.60	0.90	1.19	1.49	1.49	1.49	1.79	1.79	1.79	1.79	1.79	1.79
2001	348	0.00	0.29	0.57	0.86	1.15	1.44	1.44	1.44	1.72	1.72	1.72	1.72	1.72		
2002	332	0.30	0.60	0.90	0.90	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20			
2003	373	0.00	0.27	0.27	0.54	0.54	0.54	0.80	0.80	1.07	1.07	1.07				
2004	355	0.00	0.00	0.00	0.00	0.00	0.28	0.28	0.56	0.56	0.56					
2005	307	0.00	0.00	0.33	0.33	0.33	0.33	0.33	0.33	0.33						
2006	258	0.00	0.39	0.39	0.39	0.39	0.39	0.39	0.39							
2007	221	0.45	0.45	0.45	0.45	0.45	0.45	0.45								
2008	210	0.00	0.00	0.00	0.00	0.00	0.00									
2009	234	0.00	0.00	0.00	0.00	0.00										
2010	220	0.00	0.00	0.00	0.00											
2011	260	0.00	0.00	0.00												
2012	256	0.00	0.00													
2013	267	0.00														
Marginal average		0.02	0.06	0.08	0.08	0.09	0.11	0.08	0.04	0.03	0.01	0.01	0.01	0.01	0.00	0.00
Cumulative average		0.02	0.07	0.15	0.23	0.32	0.42	0.51	0.54	0.57	0.58	0.59	0.60	0.61	0.61	0.61
Standard deviation		0.10	0.17	0.23	0.29	0.39	0.45	0.48	0.51	0.57	0.60	0.61	0.62	0.63	0.60	0.53
Median		0.00	0.00	0.14	0.16	0.30	0.35	0.42	0.61	0.62	0.63	0.66	0.63	0.69	0.63	0.55
Minimum		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maximum		0.45	0.60	0.90	0.90	1.20	1.48	1.49	1.78	1.78	1.79	1.79	1.79	1.79	1.79	1.78
Rating: BBB																
1986	71	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1987	92	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1988	82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1989	207	0.00	0.00	0.00	0.48	0.97	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45
1990	166	0.00	0.00	0.00	0.00	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
1991	165	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1992	156	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1993	148	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1994	134	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1995	115	0.00	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87
1996	85	0.00	0.00	0.00	0.00	0.00	1.18	3.53	3.53	3.53	3.53	3.53	3.53	3.53	3.53	3.53
1997	70	0.00	1.43	1.43	1.43	2.86	7.14	7.14	7.14	8.57	8.57	8.57	8.57	8.57	8.57	8.57
1998	62	0.00	0.00	0.00	1.61	6.45	8.06	9.68	11.29	11.29	12.90	12.90	12.90	12.90	12.90	12.90
1999	60	0.00	0.00	0.00	5.00	6.67	8.33	10.00	10.00	13.33	13.33	13.33	13.33	13.33	13.33	13.33
2000	63	0.00	0.00	4.76	6.35	7.94	11.11	11.11	14.29	14.29	14.29	14.29	14.29	14.29	14.29	

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 20**

USPF Housing Static Pool Default Rates By Category, 1986-2013 (%) (cont.)																
2001	57	0.00	3.51	7.02	8.77	12.28	12.28	15.79	15.79	15.79	15.79	15.79	15.79	15.79	15.79	15.79
2002	55	1.82	5.45	9.09	10.91	10.91	14.55	14.55	16.36	16.36	16.36	16.36	16.36	16.36	16.36	16.36
2003	59	0.00	3.39	5.08	6.78	10.17	10.17	11.86	11.86	11.86	11.86	11.86	11.86	11.86	11.86	11.86
2004	58	1.72	3.45	6.90	8.62	8.62	10.34	10.34	10.34	10.34	10.34	10.34	10.34	10.34	10.34	10.34
2005	53	0.00	1.89	3.77	3.77	3.77	3.77	3.77	3.77	3.77	3.77	3.77	3.77	3.77	3.77	3.77
2006	48	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2007	39	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2008	33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2009	37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2010	47	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2011	34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2012	48	0.00	2.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2013	48	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Marginal average		0.09	0.49	0.50	0.47	0.58	0.59	0.35	0.21	0.16	0.05	0.00	0.00	0.00	0.00	0.00
Cumulative average		0.09	0.58	1.08	1.54	2.11	2.69	3.03	3.23	3.38	3.43	3.43	3.43	3.43	3.43	3.43
Standard deviation		0.46	1.49	2.73	3.43	4.19	5.00	5.55	6.04	6.28	6.53	6.62	6.62	6.16	5.55	4.90
Median		0.00	0.00	0.00	0.00	0.30	0.87	1.16	1.45	2.49	1.45	1.16	0.87	0.74	0.60	0.30
Minimum		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maximum		1.82	5.45	9.09	10.91	12.28	14.55	15.79	16.36	16.36	16.36	16.36	16.36	15.79	14.29	13.33
Rating: BB																
1986	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1987	3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1988	19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1989	22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1990	46	0.00	2.17	2.17	4.35	4.35	4.35	4.35	4.35	4.35	6.52	6.52	6.52	6.52	6.52	6.52
1991	69	24.64	24.64	26.09	27.54	28.99	28.99	28.99	28.99	30.43	30.43	30.43	30.43	30.43	30.43	30.43
1992	47	0.00	0.00	2.13	2.13	2.13	2.13	2.13	2.13	2.13	2.13	2.13	2.13	2.13	2.13	2.13
1993	28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1994	20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1995	15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1996	7	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1997	8	0.00	25.00	25.00	25.00	25.00	25.00	37.50	37.50	37.50	37.50	37.50	37.50	37.50	37.50	37.50
1998	4	0.00	0.00	0.00	0.00	0.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
1999	5	0.00	0.00	20.00	20.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
2000	10	0.00	10.00	30.00	40.00	40.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
2001	16	0.00	6.25	12.50	12.50	18.75	18.75	18.75	18.75	18.75	18.75	18.75	18.75	18.75	18.75	18.75
2002	12	8.33	8.33	16.67	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33
2003	19	0.00	5.26	15.79	15.79	15.79	21.05	26.32	26.32	26.32	26.32	26.32	26.32	26.32	26.32	26.32
2004	33	3.03	6.06	6.06	9.09	12.12	15.15	15.15	15.15	15.15	15.15	15.15	15.15	15.15	15.15	15.15

Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update

Table 20

USPF Housing Static Pool Default Rates By Category, 1986-2013 (%) (cont.)																
2005	28	0.00	0.00	3.57	3.57	10.71	10.71	10.71	10.71	10.71						
2006	28	0.00	3.57	3.57	7.14	7.14	7.14	7.14	7.14	7.14						
2007	20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						
2008	17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00							
2009	16	0.00	0.00	0.00	0.00	0.00										
2010	25	0.00	0.00	0.00	0.00											
2011	66	0.00	0.00	0.00												
2012	39	0.00	0.00													
2013	37	0.00														
Marginal average		2.88	1.32	1.80	1.46	1.34	0.94	0.49	0.00	0.28	0.30	0.00	0.00	0.00	0.00	0.00
Cumulative average		2.88	4.17	5.89	7.26	8.49	9.35	9.80	9.80	10.05	10.32	10.32	10.32	10.32	10.32	10.32
Standard deviation		4.87	6.83	9.66	12.01	13.75	15.18	16.14	16.24	16.65	17.01	17.51	17.81	17.68	18.24	15.62
Median		0.00	0.00	0.00	0.00	1.06	4.35	5.75	7.14	7.53	6.52	4.32	2.13	1.06	0.00	0.00
Minimum		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maximum		24.64	25.00	30.00	40.00	40.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	40.00
Rating: B																
1986	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1987	5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1988	5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1989	7	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1990	5	0.00	0.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
1991	5	0.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
1992	19	5.26	10.53	10.53	10.53	10.53	10.53	10.53	15.79	15.79	15.79	15.79	15.79	15.79	15.79	15.79
1993	10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1994	6	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1995	4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1996	4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1997	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1998	2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1999	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2000	2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2001	6	0.00	16.67	16.67	16.67	16.67	16.67	16.67	16.67	16.67	16.67	16.67	16.67	16.67	16.67	
2002	9	22.22	33.33	33.33	44.44	44.44	44.44	44.44	44.44	44.44	44.44	44.44	44.44	44.44	44.44	
2003	8	0.00	0.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	
2004	7	0.00	28.57	28.57	28.57	28.57	28.57	28.57	28.57	28.57	28.57	28.57	28.57	28.57	28.57	
2005	12	8.33	8.33	8.33	16.67	16.67	16.67	25.00	25.00	25.00						
2006	14	0.00	7.14	14.29	14.29	14.29	14.29	14.29	14.29	14.29						
2007	18	11.11	11.11	16.67	16.67	16.67	16.67	16.67								
2008	15	0.00	6.67	6.67	6.67	6.67	6.67	6.67								

Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update

Table 20

USPF Housing Static Pool Default Rates By Category, 1986-2013 (%) (cont.)																
2009	16	0.00	0.00	0.00	0.00	0.00										
2010	13	0.00	0.00	0.00	0.00											
2011	21	0.00	0.00	0.00												
2012	33	0.00	0.00													
2013	23	4.35														
Marginal average		2.58	3.31	2.49	1.14	0.00	0.00	0.77	0.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cumulative average		2.58	5.80	8.15	9.20	9.20	9.20	9.89	10.69	10.69	10.69	10.69	10.69	10.69	10.69	10.69
Standard deviation		4.95	9.43	10.68	12.16	12.27	12.38	13.01	13.32	13.66	13.57	13.09	12.78	8.35	7.98	8.22
Median		0.00	0.00	0.00	0.00	0.00	3.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Minimum		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maximum		22.22	33.33	33.33	44.44	44.44	44.44	44.44	44.44	44.44	44.44	44.44	44.44	20.00	20.00	20.00
Rating: CCC/C																
1986	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1987	2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1988	3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1989	3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1990	4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1991	6	16.67	16.67	16.67	16.67	16.67	16.67	16.67	16.67	16.67	16.67	16.67	16.67	16.67	16.67	16.67
1992	5	0.00	0.00	0.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
1993	16	12.50	18.75	25.00	25.00	25.00	25.00	31.25	31.25	31.25	31.25	31.25	31.25	31.25	31.25	31.25
1994	14	7.14	14.29	14.29	14.29	14.29	21.43	21.43	21.43	21.43	21.43	21.43	21.43	21.43	21.43	21.43
1995	11	9.09	9.09	9.09	9.09	18.18	18.18	18.18	18.18	18.18	18.18	18.18	18.18	18.18	18.18	18.18
1996	7	14.29	14.29	14.29	28.57	28.57	28.57	28.57	28.57	28.57	28.57	28.57	28.57	28.57	28.57	28.57
1997	6	0.00	0.00	16.67	16.67	16.67	16.67	16.67	16.67	16.67	16.67	16.67	16.67	16.67	16.67	16.67
1998	6	33.33	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
1999	4	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
2000	2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2001	6	16.67	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33
2002	4	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
2003	11	36.36	36.36	45.45	45.45	45.45	45.45	45.45	45.45	45.45	45.45	45.45	45.45	45.45	45.45	45.45
2004	10	20.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
2005	10	50.00	60.00	60.00	60.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00
2006	10	20.00	20.00	20.00	40.00	40.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
2007	11	0.00	9.09	27.27	27.27	36.36	36.36	36.36	36.36	36.36	36.36	36.36	36.36	36.36	36.36	36.36
2008	12	8.33	25.00	25.00	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33
2009	11	27.27	27.27	36.36	36.36	36.36	36.36	36.36	36.36	36.36	36.36	36.36	36.36	36.36	36.36	36.36
2010	11	0.00	9.09	9.09	9.09											
2011	8	12.50	12.50	12.50												
2012	3	0.00	0.00													

Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update

Table 20

USPF Housing Static Pool Default Rates By Category, 1986-2013 (%) (cont.)

2013	7	0.00														
Marginal average	14.29	6.59	3.92	3.57	2.40	1.74	0.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cumulative average	14.29	19.93	23.07	25.82	27.60	28.86	29.54	29.54	29.54	29.54	29.54	29.54	29.54	29.54	29.54	29.54
Standard deviation	13.68	16.68	16.99	17.23	18.31	18.96	19.39	19.71	19.30	16.08	15.81	14.80	15.19	15.08	14.92	
Median	9.09	14.29	16.67	25.00	25.00	25.00	25.00	23.21	21.43	20.71	20.00	19.09	18.18	17.42	18.18	
Minimum	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maximum	50.00	60.00	60.00	60.00	70.00	70.00	70.00	70.00	70.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00

Table 21

USPF Housing One-Year Static Pool Default Rates by Modifier

Year	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC/C
1986	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1987	0.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1988	0.00	0.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1989	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1990	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1991	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	27.87	0.00	0.00	0.00	0.00	16.67
1992	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.56	0.00	0.00
1993	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12.50
1994	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.14
1995	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.09
1996	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14.29
1997	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1998	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	33.33
1999	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25.00
2000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2001	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16.67
2002	0.00	0.00	0.00	0.00	0.00	0.00	3.13	0.00	3.23	0.00	0.00	12.50	0.00	0.00	25.00	0.00	25.00
2003	0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	36.36
2004	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.25	0.00	0.00	100.00	0.00	0.00	0.00	20.00
2005	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.11	0.00	50.00
2006	0.00	0.00	0.00	0.61	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.00
2007	0.00	0.00	0.00	0.00	0.00	0.00	9.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.76	0.00	0.00
2008	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.33
2009	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	27.27
2010	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2011	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12.50
2012	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2013	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.67	0.00	0.00

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 22****Most Recent One, Three, And 10-Year And Original USPF Obligor Default Rates By Modifier (%)**

Rating	One year (2013 pool)	Three years (2011 Pool)	10 years (2004 pool)	Initial rating
AAA	0.00	0.00	0.00	0.00
AA+	0.00	0.00	0.00	0.00
AA	0.00	0.00	0.08	0.03
AA-	0.00	0.03	0.00	0.08
A+	0.00	0.00	0.00	0.05
A	0.00	0.07	0.16	0.13
A-	0.00	0.57	0.15	0.28
BBB+	0.00	0.00	0.00	0.18
BBB	0.00	0.25	0.14	0.74
BBB-	0.50	0.90	0.98	1.54
BB+	0.00	0.00	3.03	0.00
BB	0.00	13.46	5.00	4.17
BB-	0.00	22.22	0.00	0.00
B+	0.00	20.00	10.00	14.29
B	18.18	0.00	9.09	0.00
B-	0.00	0.00	33.33	0.00
CCC/C	25.81	26.67	50.00	16.67

Table 23A**USPF Obligor Most Recent Rating Transition Rates By Modifier (%)****One year (2013 - 2013)**

Rating	Issuers	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+
AAA	703	95.73	2.13	0.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA+	1,311	6.33	87.41	1.98	0.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA	2,524	0.55	4.60	89.66	1.23	0.12	0.32	0.00	0.00	0.00	0.00	0.00
AA-	3,191	0.06	1.94	5.39	87.97	1.03	0.16	0.13	0.00	0.00	0.00	0.00
A+	4,642	0.02	0.47	1.51	4.72	88.52	1.12	0.26	0.02	0.04	0.09	0.00
A	3,322	0.00	0.03	0.54	2.11	5.78	85.91	1.57	0.33	0.12	0.03	0.18
A-	1,445	0.00	0.00	0.21	1.52	1.66	6.99	83.04	2.01	0.62	0.21	0.00
BBB+	642	0.00	0.00	0.00	0.78	1.71	1.87	16.04	71.50	3.12	0.78	0.31
BBB	450	0.00	0.00	0.00	0.22	1.56	1.56	2.44	5.11	77.78	6.89	0.22
BBB-	402	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.50	2.99	79.10	8.46
BB+	79	0.00	0.00	0.00	0.00	0.00	1.27	3.80	1.27	1.27	2.53	74.68
BB	51	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.92
BB-	13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.69
B+	4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B	33	0.00	3.03	0.00	0.00	0.00	0.00	0.00	0.00	3.03	3.03	0.00
B-	4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CCC/C	31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Three year (2011 - 2013)

AAA	681	87.37	5.43	0.44	0.15	0.00	0.00	0.15	0.00	0.00	0.00	0.00
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Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update

Table 23A

USPF Obligor Most Recent Rating Transition Rates By Modifier (%) (cont.)												
AA+	1,210	9.67	72.98	4.55	0.50	0.00	0.08	0.00	0.00	0.00	0.00	0.00
AA	2,285	0.79	7.26	78.34	2.84	0.66	0.53	0.04	0.00	0.04	0.04	0.00
AA-	3,027	0.07	2.38	9.25	69.81	5.25	0.59	0.13	0.00	0.07	0.03	0.50
A+	3,843	0.05	0.36	2.26	9.76	74.37	2.97	0.94	0.29	0.18	0.16	0.03
A	2,951	0.00	0.17	0.78	2.88	13.76	65.13	4.13	0.95	0.75	0.37	0.10
A-	1,398	0.00	0.07	0.57	2.00	4.08	16.52	57.73	3.93	1.65	0.72	0.57
BBB+	563	0.00	0.00	0.00	0.53	1.95	3.02	22.02	52.04	6.75	3.37	0.36
BBB	406	0.00	0.00	0.25	0.25	2.46	3.20	4.68	11.82	51.97	7.14	0.74
BBB-	332	0.00	0.00	0.00	0.00	0.30	0.60	2.11	1.51	9.64	56.63	6.93
BB+	55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.82	1.82	14.55	36.36
BB	52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.92	1.92	1.92	7.69
BB-	18	0.00	0.00	0.00	0.00	0.00	0.00	5.56	0.00	0.00	0.00	5.56
B+	5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B	8	0.00	12.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12.50	0.00
B-	10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CCC/C	15	0.00	0.00	0.00	0.00	0.00	6.67	0.00	0.00	0.00	6.67	0.00
Ten year (2004 - 2013)												
AAA	241	73.03	7.88	1.24	0.83	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA+	414	29.23	25.12	4.35	0.48	0.00	0.00	0.24	0.00	0.00	0.00	0.00
AA	1,197	11.95	20.55	26.40	3.26	1.25	0.58	0.25	0.00	0.08	0.00	0.00
AA-	1,390	3.17	9.14	21.37	17.05	4.89	0.72	0.36	0.14	0.00	0.22	0.00
A+	1,525	1.18	3.80	16.59	21.31	16.33	3.08	0.79	0.52	0.33	0.00	0.33
A	1,828	0.16	1.53	7.88	13.73	21.55	11.65	2.24	1.09	0.60	0.55	0.00
A-	1,323	0.08	1.06	2.72	10.51	18.22	17.23	9.90	2.49	1.44	0.60	0.23
BBB+	765	0.13	0.26	1.31	5.49	17.25	15.29	10.07	5.62	3.27	3.40	0.52
BBB	730	0.00	0.27	1.10	1.37	10.82	12.19	9.73	6.99	5.21	3.29	1.10
BBB-	409	0.00	0.24	0.73	0.49	0.24	5.62	11.49	6.36	6.11	8.56	1.47
BB+	33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.09	15.15	6.06
BB	40	0.00	0.00	0.00	2.50	2.50	5.00	7.50	2.50	2.50	2.50	0.00
BB-	9	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.11	0.00
B+	10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B	11	0.00	0.00	0.00	0.00	0.00	9.09	0.00	0.00	0.00	0.00	0.00
B-	6	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16.67	0.00	0.00	0.00
CCC/C	6	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Original to last												
AAA	361	68.42	7.20	5.26	2.49	0.00	0.83	0.28	0.00	0.00	0.00	0.00
AA+	1,115	8.97	50.49	4.57	0.63	0.36	0.36	0.09	0.09	0.00	0.00	0.00
AA	3,657	6.70	9.60	34.73	2.24	1.31	0.88	0.22	0.08	0.05	0.03	0.00
AA-	3,824	1.80	5.13	11.95	44.61	4.63	0.81	0.37	0.00	0.03	0.08	0.13
A+	6,059	0.84	2.10	6.39	9.72	45.57	2.10	0.87	0.28	0.15	0.10	0.12
A	8,233	0.63	1.29	3.64	6.55	10.21	26.04	1.88	0.67	0.39	0.26	0.09
A-	4,219	0.33	0.73	2.54	5.78	11.19	11.92	20.91	1.59	0.97	0.45	0.21

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 23A**

USPF Obligor Most Recent Rating Transition Rates By Modifier (%) (cont.)												
BBB+	2,200	0.27	0.68	1.59	4.27	9.50	9.45	8.09	10.82	1.91	1.45	0.36
BBB	2,833	0.28	0.35	1.13	2.08	5.47	6.53	4.73	3.53	7.73	1.52	0.42
BBB-	1,172	0.09	0.09	0.94	0.68	1.11	4.35	5.46	6.14	7.25	23.21	2.73
BB+	87	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.15	1.15	9.20	42.53
BB	72	2.78	0.00	1.39	1.39	0.00	0.00	1.39	0.00	0.00	2.78	2.78
BB-	14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B+	7	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B	17	0.00	5.88	0.00	0.00	0.00	0.00	0.00	11.76	0.00	0.00	0.00
B-	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CCC/C	6	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Table 23B

USPF Obligor Most Recent Rating Transition Rates By Modifier (%)								
One year (2013 - 2013)								
Rating	BB	BB-	B+	B	B-	CCC/C	D	NR
AAA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.85
AA+	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.12
AA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.53
AA-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.32
A+	0.02	0.00	0.00	0.00	0.00	0.00	0.00	3.21
A	0.00	0.06	0.00	0.00	0.00	0.00	0.00	3.34
A-	0.07	0.00	0.00	0.00	0.00	0.00	0.00	3.67
BBB+	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.89
BBB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.22
BBB-	1.49	1.00	0.75	0.25	0.00	0.25	0.50	3.98
BB+	2.53	5.06	1.27	0.00	1.27	0.00	0.00	5.06
BB	70.59	3.92	5.88	3.92	0.00	0.00	0.00	11.76
BB-	0.00	69.23	7.69	0.00	0.00	0.00	0.00	15.38
B+	0.00	25.00	50.00	25.00	0.00	0.00	0.00	0.00
B	0.00	0.00	6.06	36.36	12.12	9.09	18.18	9.09
B-	0.00	0.00	0.00	25.00	75.00	0.00	0.00	0.00
CCC/C	0.00	0.00	0.00	0.00	0.00	41.94	25.81	32.26
Three year (2011 - 2013)								
AAA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.46
AA+	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12.23
AA	0.00	0.00	0.00	0.04	0.00	0.00	0.00	9.41
AA-	0.00	0.00	0.00	0.00	0.00	0.00	0.03	11.89
A+	0.03	0.00	0.00	0.00	0.00	0.00	0.00	8.61
A	0.03	0.07	0.00	0.03	0.00	0.00	0.07	10.78
A-	0.43	0.00	0.00	0.00	0.07	0.29	0.57	10.80
BBB+	0.18	0.18	0.00	0.00	0.00	0.00	0.00	9.59
BBB	0.99	0.25	0.00	0.49	0.74	0.25	0.25	14.53

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 23B**

USPF Obligor Most Recent Rating Transition Rates By Modifier (%) (cont.)								
BBB-	1.81	2.11	1.20	0.60	0.60	0.30	0.90	14.76
BB+	10.91	1.82	5.45	5.45	0.00	0.00	0.00	21.82
BB	21.15	9.62	1.92	3.85	0.00	3.85	13.46	32.69
BB-	5.56	16.67	5.56	5.56	0.00	0.00	22.22	33.33
B+	0.00	20.00	0.00	0.00	0.00	0.00	20.00	60.00
B	0.00	0.00	12.50	37.50	0.00	12.50	0.00	12.50
B-	0.00	0.00	10.00	10.00	10.00	40.00	0.00	30.00
CCC/C	0.00	0.00	0.00	0.00	6.67	26.67	26.67	26.67
Ten year (2004 - 2013)								
AAA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	17.01
AA+	0.00	0.00	0.00	0.00	0.00	0.00	0.00	40.58
AA	0.00	0.00	0.00	0.00	0.00	0.00	0.08	35.59
AA-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	42.95
A+	0.00	0.00	0.00	0.00	0.00	0.00	0.00	35.74
A	0.00	0.00	0.00	0.00	0.11	0.16	0.16	38.57
A-	0.08	0.08	0.00	0.08	0.00	0.00	0.15	35.15
BBB+	0.13	0.00	0.13	0.00	0.00	0.13	0.00	36.99
BBB	0.41	0.14	0.00	0.41	0.00	0.27	0.14	46.58
BBB-	0.49	1.47	0.24	0.49	0.49	0.49	0.98	54.03
BB+	3.03	0.00	0.00	0.00	0.00	0.00	3.03	63.64
BB	7.50	2.50	2.50	5.00	0.00	0.00	5.00	52.50
BB-	0.00	0.00	0.00	0.00	11.11	0.00	0.00	77.78
B+	0.00	0.00	0.00	0.00	0.00	10.00	10.00	80.00
B	0.00	9.09	0.00	0.00	0.00	0.00	9.09	72.73
B-	0.00	0.00	0.00	0.00	0.00	0.00	33.33	50.00
CCC/C	0.00	0.00	0.00	0.00	0.00	0.00	50.00	50.00
Original to last								
AAA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15.51
AA+	0.00	0.00	0.00	0.00	0.00	0.00	0.00	34.44
AA	0.00	0.00	0.00	0.03	0.00	0.00	0.03	44.11
AA-	0.03	0.00	0.00	0.00	0.00	0.03	0.08	30.33
A+	0.03	0.00	0.00	0.00	0.00	0.00	0.05	31.69
A	0.02	0.01	0.00	0.01	0.02	0.07	0.13	48.07
A-	0.14	0.05	0.02	0.02	0.02	0.05	0.28	42.78
BBB+	0.18	0.05	0.00	0.00	0.00	0.09	0.18	51.09
BBB	0.11	0.21	0.04	0.25	0.04	0.11	0.74	64.74
BBB-	1.02	0.85	0.34	0.43	0.26	0.17	1.54	43.34
BB+	6.90	2.30	2.30	1.15	0.00	0.00	0.00	33.33
BB	25.00	0.00	4.17	1.39	0.00	1.39	4.17	51.39
BB-	0.00	21.43	0.00	0.00	7.14	7.14	0.00	64.29
B+	0.00	0.00	28.57	0.00	0.00	0.00	14.29	57.14

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 23B****USPF Obligor Most Recent Rating Transition Rates By Modifier (%) (cont.)**

B	0.00	0.00	5.88	0.00	0.00	0.00	0.00	76.47
B-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00
CCC/C	0.00	0.00	0.00	0.00	0.00	0.00	16.67	83.33

Table 24**Most Recent One, Three, and Ten-Year And Original USPF Housing Default Rates By Modifier (%)**

Rating	One year (2013 pool)	Three years (2011 pool)	10 years (2004 pool)	Initial rating
AAA	0.00	0.00	0.00	0.33
AA+	0.00	0.00	0.00	0.15
AA	0.00	0.00	0.00	0.11
AA-	0.00	0.00	0.46	0.19
A+	0.00	0.00	0.00	0.42
A	0.00	0.00	0.45	1.83
A-	0.00	0.00	4.17	1.99
BBB+	0.00	0.00	8.33	1.61
BBB	0.00	0.00	0.00	10.58
BBB-	0.00	0.00	31.25	12.20
BB+	0.00	0.00	0.00	0.00
BB	0.00	0.00	14.29	44.44
BB-	0.00	0.00	100.00	33.33
B+	0.00	0.00	0.00	0.00
B	6.67	0.00	28.57	0.00
B-	0.00	0.00	0.00	0.00
CCC/C	0.00	12.50	40.00	0.00

Table 25A**USPF Housing Most Recent Rating Transition Rates By Modifier (%)****One year (2013 - 2013)**

Rating	Issuers	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+
AAA	159	94.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA+	1,433	0.21	85.90	4.82	0.00	0.00	0.00	0.07	0.00	0.00	0.00	0.00
AA	273	0.00	0.00	84.62	1.83	0.37	0.00	0.00	0.00	0.00	0.00	0.00
AA-	183	0.00	1.09	0.00	77.05	4.92	2.19	0.00	0.00	0.00	0.00	0.00
A+	118	0.00	0.00	0.00	6.78	80.51	1.69	0.85	0.00	0.00	0.00	0.00
A	73	0.00	1.37	0.00	0.00	0.00	80.82	1.37	0.00	1.37	0.00	2.74
A-	76	0.00	0.00	6.58	0.00	1.32	1.32	63.16	2.63	0.00	0.00	0.00
BBB+	8	0.00	0.00	0.00	0.00	0.00	12.50	12.50	50.00	12.50	0.00	0.00
BBB	23	0.00	0.00	0.00	0.00	0.00	4.35	26.09	0.00	65.22	0.00	0.00
BBB-	17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	64.71	0.00
BB+	17	0.00	5.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.88	58.82
BB	13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BB-	7	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update

Table 25A

USPF Housing Most Recent Rating Transition Rates By Modifier (%) (cont.)												
B+	4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B	15	0.00	6.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B-	4	0.00	0.00	0.00	0.00	0.00	25.00	0.00	0.00	0.00	0.00	0.00
CCC/C	7	0.00	0.00	0.00	14.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Three year (2011 - 2013)												
AAA	1,540	8.64	62.79	3.83	0.13	0.00	0.06	0.06	0.00	0.00	0.00	0.06
AA+	360	0.00	41.11	7.50	6.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA	306	0.00	1.63	56.86	5.56	3.59	0.65	0.00	0.00	0.00	0.00	0.00
AA-	120	0.00	2.50	8.33	44.17	10.00	4.17	0.00	0.00	0.00	0.00	0.83
A+	113	0.00	5.31	6.19	7.08	50.44	7.08	0.88	0.00	0.00	0.00	0.00
A	81	0.00	0.00	6.17	0.00	3.70	43.21	8.64	0.00	1.23	0.00	1.23
A-	66	0.00	1.52	0.00	1.52	3.03	4.55	30.30	0.00	3.03	0.00	0.00
BBB+	5	0.00	0.00	0.00	0.00	0.00	20.00	20.00	40.00	20.00	0.00	0.00
BBB	13	0.00	0.00	0.00	0.00	7.69	0.00	7.69	0.00	53.85	7.69	0.00
BBB-	16	0.00	6.25	0.00	0.00	0.00	6.25	0.00	0.00	12.50	50.00	0.00
BB+	48	0.00	12.50	2.08	0.00	0.00	0.00	2.08	0.00	0.00	2.08	18.75
BB	15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.67	0.00	0.00	0.00
BB-	3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B+	4	0.00	50.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B	14	0.00	7.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B-	3	0.00	33.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CCC/C	8	0.00	12.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ten year (2004 - 2013)												
AAA	2,593	1.89	19.40	2.08	0.46	0.08	0.27	0.31	0.00	0.00	0.15	0.04
AA+	129	1.55	17.83	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA	343	0.00	5.54	11.66	2.33	0.00	0.29	0.00	0.00	0.00	0.00	0.00
AA-	218	0.00	9.17	7.80	5.05	0.00	0.46	2.29	0.00	0.00	0.00	0.00
A+	111	0.00	9.91	4.50	4.50	4.50	3.60	0.00	0.00	0.00	0.00	0.90
A	220	0.00	2.27	4.09	8.18	10.00	7.73	0.00	0.00	0.00	0.00	0.00
A-	24	0.00	0.00	0.00	0.00	0.00	4.17	0.00	0.00	4.17	4.17	0.00
BBB+	12	0.00	0.00	0.00	8.33	0.00	0.00	8.33	0.00	0.00	0.00	0.00
BBB	30	0.00	0.00	0.00	0.00	3.33	3.33	3.33	0.00	3.33	0.00	0.00
BBB-	16	0.00	0.00	0.00	0.00	0.00	12.50	6.25	0.00	6.25	6.25	0.00
BB+	4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BB	28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BB-	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B+	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B	7	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B-	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CCC/C	10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Original to last												
AAA	5,535	3.00	16.77	1.10	0.38	0.04	0.14	0.16	0.00	0.04	0.09	0.02

Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update

Table 25A

USPF Housing Most Recent Rating Transition Rates By Modifier (%) (cont.)												
AA+	659	0.46	26.71	1.21	0.15	0.00	0.15	0.00	0.00	0.00	0.00	0.00
AA	1,783	0.39	3.42	10.15	1.23	0.73	0.28	0.00	0.00	0.00	0.06	0.00
AA-	516	0.00	8.33	6.01	15.70	2.13	0.39	1.16	0.00	0.00	0.19	0.00
A+	713	0.28	4.63	3.37	1.12	6.45	0.70	0.56	0.00	0.14	0.00	1.40
A	765	0.00	2.88	1.83	3.14	4.18	5.10	0.65	0.00	0.13	0.13	0.13
A-	301	0.00	0.00	0.00	0.00	0.33	1.00	13.62	1.00	0.66	0.33	0.00
BBB+	62	0.00	0.00	0.00	1.61	0.00	3.23	1.61	6.45	0.00	0.00	0.00
BBB	104	0.00	0.00	0.00	0.00	2.88	2.88	1.92	0.00	8.65	0.00	0.00
BBB-	41	0.00	0.00	0.00	0.00	0.00	9.76	2.44	0.00	7.32	12.20	0.00
BB+	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BB	9	0.00	0.00	0.00	0.00	0.00	11.11	0.00	0.00	0.00	0.00	0.00
BB-	3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B+	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B-	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CCC/C	4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Table 25B

USPF Housing Most Recent Rating Transition Rates By Modifier (%)								
One year (2013 - 2013)								
Rating	BB	BB-	B+	B	B-	CCC/C	D	NR
AAA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.66
AA+	0.07	0.00	0.00	0.00	0.00	0.07	0.00	8.86
AA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13.19
AA-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14.75
A+	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.17
A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12.33
A-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25.00
BBB+	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12.50
BBB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.35
BBB-	11.76	0.00	0.00	0.00	0.00	0.00	0.00	23.53
BB+	0.00	5.88	0.00	0.00	0.00	5.88	0.00	17.65
BB	76.92	0.00	0.00	0.00	0.00	7.69	0.00	15.38
BB-	0.00	57.14	0.00	0.00	0.00	0.00	0.00	42.86
B+	0.00	25.00	50.00	25.00	0.00	0.00	0.00	0.00
B	6.67	0.00	0.00	60.00	0.00	13.33	6.67	6.67
B-	0.00	0.00	0.00	0.00	75.00	0.00	0.00	0.00
CCC/C	0.00	0.00	0.00	0.00	0.00	85.71	0.00	0.00
Three year (2011 - 2013)								
AAA	0.00	0.06	0.00	0.00	0.00	0.00	0.00	24.35
AA+	0.56	0.00	0.00	0.00	0.28	0.28	0.00	44.17
AA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	31.70

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 25B**

USPF Housing Most Recent Rating Transition Rates By Modifier (%) (cont.)								
AA-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30.00
A+	0.00	0.00	0.00	0.00	0.00	0.00	0.00	23.01
A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	35.80
A-	1.52	0.00	0.00	0.00	0.00	0.00	0.00	54.55
BBB+	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BBB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	23.08
BBB-	6.25	0.00	0.00	0.00	0.00	0.00	0.00	18.75
BB+	2.08	8.33	2.08	10.42	0.00	4.17	0.00	35.42
BB	40.00	6.67	0.00	0.00	6.67	0.00	0.00	40.00
BB-	0.00	0.00	33.33	0.00	0.00	33.33	0.00	33.33
B+	0.00	0.00	0.00	25.00	0.00	0.00	0.00	25.00
B	7.14	0.00	0.00	28.57	0.00	21.43	0.00	35.71
B-	0.00	0.00	0.00	0.00	33.33	33.33	0.00	0.00
CCC/C	0.00	0.00	0.00	0.00	0.00	25.00	12.50	50.00
Ten year (2004 - 2013)								
AAA	0.19	0.15	0.04	0.23	0.08	0.04	0.00	74.59
AA+	0.00	0.00	0.00	0.00	0.00	0.00	0.00	80.62
AA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	80.17
AA-	0.00	0.00	0.00	0.00	0.00	0.00	0.46	74.77
A+	0.00	0.00	0.00	0.90	0.00	0.00	0.00	71.17
A	0.00	0.00	0.45	0.00	0.00	0.91	0.45	65.91
A-	4.17	0.00	0.00	4.17	0.00	0.00	4.17	75.00
BBB+	0.00	0.00	0.00	0.00	0.00	0.00	8.33	75.00
BBB	3.33	0.00	0.00	0.00	0.00	3.33	0.00	80.00
BBB-	0.00	0.00	0.00	0.00	0.00	6.25	31.25	31.25
BB+	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00
BB	0.00	0.00	0.00	3.57	0.00	0.00	14.29	82.14
BB-	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00
B+	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B	0.00	0.00	0.00	0.00	14.29	0.00	28.57	57.14
B-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CCC/C	0.00	0.00	0.00	0.00	0.00	0.00	40.00	60.00
Original to last								
AAA	0.11	0.11	0.02	0.11	0.04	0.05	0.33	77.51
AA+	0.00	0.00	0.00	0.00	0.00	0.00	0.15	71.17
AA	0.00	0.00	0.00	0.00	0.00	0.06	0.11	83.57
AA-	0.00	0.00	0.00	0.00	0.00	0.00	0.19	65.89
A+	0.00	0.00	0.00	0.14	0.00	0.00	0.42	80.79
A	0.13	0.00	0.13	0.26	0.00	0.52	1.83	78.95
A-	1.00	0.00	0.00	0.00	0.00	0.33	1.99	79.73
BBB+	0.00	0.00	0.00	0.00	0.00	0.00	1.61	85.48

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 25B**

USPF Housing Most Recent Rating Transition Rates By Modifier (%) (cont.)								
BBB	0.96	0.00	0.00	0.96	0.96	1.92	10.58	68.27
BBB-	4.88	0.00	0.00	0.00	0.00	0.00	12.20	51.22
BB+	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BB	11.11	0.00	0.00	0.00	0.00	0.00	44.44	33.33
BB-	0.00	0.00	0.00	0.00	0.00	0.00	33.33	66.67
B+	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CCC/C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00

Table 26

USPF Obligor Static Pool One-Year Transition Matrices By Category										
From/To	Issuers	AAA	AA	A	BBB	BB	B	CCC/C	D	NR
1986 static pool										
AAA	52	84.62	13.46	0.00	0.00	0.00	0.00	0.00	0.00	1.92
AA	964	0.31	92.95	1.04	0.10	0.00	0.00	0.00	0.00	5.60
A	2,958	0.00	1.56	89.99	1.01	0.07	0.00	0.03	0.00	7.34
BBB	990	0.00	0.20	1.21	89.90	0.71	0.20	0.20	0.00	7.58
BB	55	0.00	0.00	0.00	9.09	80.00	5.45	0.00	0.00	5.45
B	16	0.00	0.00	0.00	6.25	0.00	87.50	0.00	0.00	6.25
CCC/C	4	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00
1987 static pool										
AAA	49	91.84	8.16	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA	1,033	0.29	91.67	1.16	0.00	0.00	0.00	0.00	0.00	6.87
A	2,986	0.00	0.94	88.75	1.34	0.07	0.00	0.00	0.00	8.91
BBB	1,050	0.00	0.10	2.29	88.76	0.95	0.29	0.10	0.10	7.43
BB	54	0.00	0.00	0.00	9.26	74.07	0.00	1.85	0.00	14.81
B	20	0.00	0.00	0.00	20.00	0.00	70.00	5.00	0.00	5.00
CCC/C	7	0.00	0.00	0.00	0.00	0.00	0.00	71.43	28.57	0.00
1988 static pool										
AAA	48	97.92	2.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA	1,059	0.09	95.18	1.51	0.00	0.00	0.00	0.00	0.00	3.21
A	2,921	0.00	0.89	92.16	0.82	0.03	0.00	0.00	0.00	6.09
BBB	1,065	0.00	0.28	1.60	91.08	0.28	0.19	0.09	0.00	6.48
BB	55	0.00	0.00	0.00	9.09	80.00	1.82	1.82	0.00	7.27
B	17	0.00	0.00	0.00	0.00	5.88	82.35	5.88	0.00	5.88
CCC/C	8	0.00	0.00	0.00	0.00	0.00	0.00	87.50	0.00	12.50
1989 static pool										
AAA	51	98.04	1.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA	1,136	0.09	95.25	0.26	0.88	0.00	0.00	0.00	0.00	3.52

Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update

Table 26

USPF Obligor Static Pool One-Year Transition Matrices By Category (cont.)										
A	2,935	0.00	1.23	94.17	0.44	0.00	0.00	0.07	0.00	4.09
BBB	1,114	0.00	0.00	1.80	93.72	0.54	0.00	0.00	0.00	3.95
BB	54	0.00	0.00	0.00	3.70	83.33	1.85	0.00	3.70	7.41
B	17	0.00	0.00	5.88	0.00	5.88	70.59	0.00	0.00	17.65
CCC/C	10	0.00	0.00	0.00	0.00	0.00	0.00	70.00	10.00	20.00
1990 static pool										
AAA	57	98.25	1.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA	1,223	0.16	95.26	2.37	0.00	0.00	0.00	0.00	0.00	2.21
A	3,073	0.00	0.55	93.13	2.57	0.10	0.03	0.00	0.00	3.61
BBB	1,185	0.00	0.17	0.84	92.07	0.93	0.17	0.51	0.00	5.32
BB	53	0.00	0.00	0.00	0.00	84.91	7.55	0.00	0.00	7.55
B	13	0.00	0.00	0.00	15.38	7.69	61.54	7.69	0.00	7.69
CCC/C	9	0.00	0.00	0.00	0.00	11.11	0.00	44.44	33.33	11.11
1991 static pool										
AAA	62	90.32	8.06	0.00	0.00	0.00	0.00	0.00	0.00	1.61
AA	1,335	0.00	91.09	6.14	0.00	0.00	0.00	0.00	0.00	2.77
A	3,180	0.00	0.60	93.43	1.35	0.09	0.00	0.00	0.00	4.53
BBB	1,301	0.00	0.00	1.15	93.31	0.23	0.08	0.23	0.00	5.00
BB	65	0.00	0.00	0.00	3.08	87.69	0.00	1.54	0.00	7.69
B	15	0.00	0.00	0.00	0.00	0.00	86.67	6.67	0.00	6.67
CCC/C	11	0.00	0.00	0.00	0.00	0.00	0.00	90.91	9.09	0.00
1992 static pool										
AAA	57	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA	1,387	0.14	93.58	1.66	0.00	0.00	0.00	0.00	0.00	4.61
A	3,415	0.00	0.64	90.34	1.46	0.03	0.00	0.00	0.00	7.53
BBB	1,460	0.00	0.00	1.03	91.92	0.62	0.14	0.00	0.00	6.30
BB	66	0.00	0.00	0.00	13.64	65.15	6.06	3.03	0.00	12.12
B	14	0.00	0.00	0.00	0.00	0.00	71.43	7.14	0.00	21.43
CCC/C	15	0.00	0.00	0.00	0.00	6.67	40.00	13.33	33.33	6.67
1993 static pool										
AAA	61	98.36	1.64	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA	1,478	0.07	91.27	0.74	0.00	0.00	0.00	0.00	0.00	7.92
A	3,514	0.00	0.43	88.79	0.63	0.00	0.00	0.00	0.00	10.16
BBB	1,598	0.00	0.00	2.13	86.55	0.63	0.06	0.06	0.00	10.58
BB	56	0.00	0.00	0.00	3.57	78.57	5.36	0.00	0.00	12.50
B	22	0.00	0.00	0.00	0.00	27.27	59.09	4.55	0.00	9.09
CCC/C	5	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00
1994 static pool										
AAA	64	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA	1,497	0.07	90.71	2.00	0.00	0.00	0.00	0.00	0.00	7.21

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 26**

USPF Obligor Static Pool One-Year Transition Matrices By Category (cont.)										
A	3,507	0.00	0.94	87.14	0.97	0.00	0.00	0.00	0.00	10.95
BBB	1,626	0.00	0.00	1.05	87.33	0.62	0.06	0.06	0.00	10.89
BB	62	0.00	0.00	0.00	1.61	79.03	3.23	0.00	0.00	16.13
B	19	0.00	0.00	0.00	0.00	5.26	63.16	0.00	10.53	21.05
CCC/C	7	0.00	0.00	0.00	0.00	0.00	14.29	71.43	14.29	0.00
1995 static pool										
AAA	66	96.97	3.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA	1,495	0.13	95.32	1.40	0.00	0.00	0.00	0.00	0.00	3.14
A	3,338	0.00	1.02	87.36	1.80	0.00	0.03	0.00	0.00	9.80
BBB	1,616	0.00	0.00	1.24	87.38	0.74	0.25	0.00	0.00	10.40
BB	62	0.00	1.61	0.00	24.19	62.90	0.00	0.00	0.00	11.29
B	16	0.00	0.00	0.00	6.25	12.50	62.50	0.00	6.25	12.50
CCC/C	6	0.00	0.00	0.00	0.00	0.00	0.00	66.67	0.00	33.33
1996 static pool										
AAA	70	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA	1,592	0.63	94.79	1.32	0.00	0.00	0.00	0.00	0.00	3.27
A	3,249	0.00	1.69	90.95	0.71	0.06	0.03	0.00	0.00	6.56
BBB	1,645	0.00	0.06	1.88	90.03	0.43	0.00	0.06	0.00	7.54
BB	55	0.00	0.00	0.00	12.73	72.73	1.82	1.82	0.00	10.91
B	15	0.00	0.00	0.00	0.00	6.67	66.67	13.33	0.00	13.33
CCC/C	4	0.00	0.00	0.00	0.00	0.00	0.00	75.00	0.00	25.00
1997 static pool										
AAA	82	97.56	2.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA	1,703	0.88	96.30	0.47	0.00	0.00	0.00	0.00	0.00	2.35
A	3,367	0.03	1.37	95.40	0.18	0.00	0.00	0.00	0.00	3.03
BBB	1,676	0.00	0.00	1.61	95.17	0.18	0.12	0.00	0.00	2.92
BB	52	0.00	0.00	0.00	7.69	80.77	0.00	0.00	0.00	11.54
B	16	0.00	0.00	0.00	0.00	6.25	93.75	0.00	0.00	0.00
CCC/C	7	0.00	0.00	0.00	0.00	0.00	0.00	85.71	0.00	14.29
1998 static pool										
AAA	101	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA	1,855	0.75	95.74	0.22	0.00	0.00	0.00	0.00	0.00	3.29
A	3,775	0.00	1.83	93.01	0.32	0.00	0.08	0.00	0.00	4.77
BBB	1,862	0.00	0.05	1.07	91.35	0.48	0.00	0.05	0.00	6.98
BB	47	0.00	0.00	2.13	4.26	76.60	2.13	2.13	0.00	12.77
B	17	0.00	0.00	0.00	5.88	17.65	58.82	5.88	0.00	11.76
CCC/C	6	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00
1999 static pool										
AAA	120	97.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.50
AA	2,033	0.39	74.52	0.49	0.00	0.00	0.00	0.00	0.00	24.59

Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update

Table 26

USPF Obligor Static Pool One-Year Transition Matrices By Category (cont.)										
A	4,251	0.00	0.96	65.89	0.47	0.00	0.02	0.00	0.00	32.65
BBB	2,075	0.00	0.00	7.08	62.31	0.63	0.10	0.00	0.00	29.88
BB	55	0.00	0.00	0.00	5.45	56.36	7.27	0.00	0.00	30.91
B	14	0.00	0.00	0.00	0.00	0.00	14.29	28.57	0.00	57.14
CCC/C	9	0.00	0.00	0.00	0.00	0.00	0.00	77.78	11.11	11.11
2000 static pool										
AAA	133	98.50	0.75	0.00	0.00	0.00	0.00	0.00	0.00	0.75
AA	1,721	1.05	95.99	0.46	0.00	0.00	0.00	0.00	0.00	2.50
A	3,520	0.03	6.25	90.40	0.34	0.00	0.00	0.00	0.00	2.98
BBB	1,573	0.00	0.13	2.99	90.85	0.45	0.19	0.06	0.00	5.34
BB	46	0.00	0.00	4.35	2.17	84.78	4.35	0.00	0.00	4.35
B	10	0.00	0.00	10.00	0.00	0.00	50.00	10.00	20.00	10.00
CCC/C	11	0.00	0.00	0.00	0.00	9.09	18.18	36.36	9.09	27.27
2001 static pool										
AAA	157	98.73	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.27
AA	2,099	1.29	92.52	2.67	0.00	0.00	0.00	0.00	0.00	3.53
A	3,697	0.22	8.55	87.29	0.46	0.03	0.00	0.11	0.00	3.35
BBB	1,609	0.00	0.06	8.20	87.57	0.68	0.06	0.00	0.06	3.36
BB	49	0.00	0.00	0.00	4.08	85.71	2.04	2.04	0.00	6.12
B	14	0.00	0.00	0.00	0.00	0.00	71.43	14.29	0.00	14.29
CCC/C	6	0.00	0.00	0.00	0.00	0.00	0.00	50.00	33.33	16.67
2002 static pool										
AAA	207	99.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.97
AA	2,522	0.56	93.22	1.19	0.00	0.00	0.00	0.00	0.00	5.04
A	3,957	0.00	2.30	92.19	1.06	0.00	0.00	0.00	0.00	4.45
BBB	1,619	0.00	0.00	3.03	90.98	0.99	0.19	0.00	0.00	4.82
BB	54	0.00	0.00	1.85	9.26	83.33	1.85	0.00	1.85	1.85
B	12	0.00	0.00	0.00	0.00	0.00	83.33	0.00	0.00	16.67
CCC/C	10	0.00	0.00	0.00	0.00	0.00	40.00	50.00	0.00	10.00
2003 static pool										
AAA	226	98.23	0.88	0.00	0.00	0.00	0.00	0.00	0.00	0.88
AA	2,738	0.33	93.64	1.31	0.00	0.00	0.00	0.00	0.00	4.71
A	4,316	0.00	1.81	90.57	2.53	0.16	0.00	0.00	0.02	4.91
BBB	1,722	0.00	0.06	3.25	89.61	1.16	0.17	0.06	0.00	5.69
BB	63	0.00	0.00	0.00	7.94	79.37	11.11	0.00	0.00	1.59
B	18	0.00	0.00	0.00	0.00	11.11	88.89	0.00	0.00	0.00
CCC/C	5	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00
2004 static pool										
AAA	241	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA	3,001	0.37	90.97	2.93	0.03	0.00	0.00	0.00	0.00	5.70

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 26**

USPF Obligor Static Pool One-Year Transition Matrices By Category (cont.)										
A	4,675	0.00	1.52	92.62	0.58	0.02	0.00	0.02	0.00	5.24
BBB	1,902	0.00	0.05	6.62	85.54	0.79	0.00	0.00	0.00	6.99
BB	82	0.00	0.00	1.22	12.20	75.61	2.44	0.00	0.00	8.54
B	27	0.00	0.00	0.00	3.70	3.70	66.67	0.00	0.00	25.93
CCC/C	6	0.00	0.00	0.00	0.00	0.00	16.67	33.33	50.00	0.00
2005 static pool										
AAA	263	97.34	1.14	0.00	0.00	0.00	0.00	0.38	0.00	1.14
AA	3,061	0.46	95.03	0.88	0.00	0.00	0.00	0.00	0.00	3.63
A	5,126	0.00	3.55	91.98	0.74	0.04	0.14	0.00	0.00	3.55
BBB	1,820	0.00	0.00	4.12	88.52	0.82	0.38	0.05	0.00	6.10
BB	82	0.00	0.00	0.00	9.76	84.15	2.44	0.00	0.00	3.66
B	22	0.00	0.00	0.00	0.00	9.09	81.82	0.00	0.00	9.09
CCC/C	4	0.00	0.00	0.00	0.00	0.00	0.00	75.00	25.00	0.00
2006 static pool										
AAA	274	96.35	0.36	0.00	0.00	0.00	0.00	0.00	0.00	3.28
AA	3,319	1.84	94.06	0.54	0.03	0.00	0.00	0.00	0.00	3.53
A	5,330	0.08	2.78	92.93	0.43	0.00	0.00	0.00	0.00	3.79
BBB	1,839	0.00	0.00	4.57	90.76	0.65	0.00	0.00	0.00	4.02
BB	96	0.00	0.00	0.00	8.33	81.25	3.13	1.04	0.00	6.25
B	34	0.00	0.00	0.00	0.00	17.65	70.59	2.94	0.00	8.82
CCC/C	5	0.00	0.00	0.00	0.00	0.00	0.00	40.00	20.00	40.00
2007 static pool										
AAA	346	97.98	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.02
AA	3,520	0.91	95.51	0.40	0.00	0.00	0.00	0.00	0.00	3.18
A	5,690	0.00	2.46	94.17	0.40	0.00	0.04	0.02	0.00	2.92
BBB	1,912	0.00	0.00	2.77	92.05	0.78	0.26	0.05	0.00	4.08
BB	102	0.00	0.00	0.00	9.80	78.43	1.96	0.00	0.00	9.80
B	28	0.00	0.00	0.00	3.57	14.29	67.86	7.14	0.00	7.14
CCC/C	4	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00
2008 static pool										
AAA	394	98.98	0.25	0.25	0.00	0.00	0.00	0.00	0.00	0.51
AA	3,758	2.85	92.95	0.32	0.00	0.00	0.05	0.00	0.03	3.81
A	5,980	0.03	8.75	88.31	0.40	0.00	0.05	0.02	0.02	2.42
BBB	2,019	0.00	0.30	14.12	81.67	0.59	0.05	0.00	0.05	3.22
BB	112	0.00	0.00	0.00	4.46	83.93	1.79	0.89	0.00	8.93
B	28	0.00	0.00	3.57	0.00	3.57	78.57	3.57	3.57	7.14
CCC/C	8	0.00	0.00	12.50	12.50	0.00	0.00	50.00	12.50	12.50
2009 static pool										
AAA	535	95.89	0.37	0.00	0.00	0.00	0.00	0.00	0.00	3.74
AA	4,506	1.58	92.74	1.42	0.00	0.00	0.00	0.00	0.00	4.26

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 26**

USPF Obligor Static Pool One-Year Transition Matrices By Category (cont.)										
A	6,312	0.00	8.14	89.01	0.62	0.05	0.00	0.00	0.00	2.19
BBB	1,799	0.00	0.61	24.96	69.98	1.45	0.00	0.00	0.00	3.00
BB	110	0.00	0.00	0.00	5.45	80.00	2.73	0.00	0.00	11.82
B	30	0.00	3.33	0.00	6.67	6.67	56.67	13.33	0.00	13.33
CCC/C	7	0.00	0.00	0.00	0.00	0.00	0.00	71.43	0.00	28.57
2010 static pool										
AAA	630	95.56	1.11	0.16	0.00	0.00	0.00	0.00	0.00	3.17
AA	5,692	0.86	90.23	1.11	0.02	0.00	0.02	0.00	0.00	7.77
A	7,404	0.00	6.08	86.83	1.04	0.08	0.00	0.01	0.00	5.96
BBB	1,410	0.00	0.28	19.01	72.77	0.99	0.28	0.28	0.00	6.38
BB	121	0.00	0.00	0.00	8.26	79.34	0.83	2.48	0.83	8.26
B	21	0.00	0.00	0.00	4.76	0.00	76.19	4.76	0.00	14.29
CCC/C	9	0.00	0.00	0.00	0.00	0.00	0.00	66.67	22.22	11.11
2011 static pool										
AAA	681	94.57	2.50	0.00	0.00	0.00	0.00	0.00	0.00	2.94
AA	6,521	0.35	93.11	2.67	0.02	0.02	0.00	0.00	0.00	3.83
A	8,191	0.00	2.10	93.90	1.28	0.10	0.04	0.02	0.02	2.54
BBB	1,300	0.00	0.00	5.77	87.08	1.77	0.31	0.31	0.00	4.77
BB	125	0.00	0.00	0.00	7.20	76.80	3.20	2.40	0.00	10.40
B	23	0.00	0.00	0.00	0.00	4.35	60.87	17.39	0.00	17.39
CCC/C	15	0.00	0.00	0.00	0.00	0.00	6.67	53.33	20.00	20.00
2012 static pool										
AAA	678	96.76	1.47	0.00	0.00	0.00	0.00	0.00	0.00	1.77
AA	6,675	0.30	94.91	0.82	0.06	0.00	0.01	0.01	0.00	3.88
A	8,791	0.00	1.42	93.57	0.92	0.07	0.00	0.06	0.03	3.92
BBB	1,380	0.00	0.00	3.12	91.16	0.72	0.29	0.65	0.07	3.99
BB	139	0.00	0.00	0.00	2.16	76.98	10.07	2.88	0.00	7.91
B	26	0.00	0.00	0.00	7.69	0.00	73.08	11.54	0.00	7.69
CCC/C	22	0.00	0.00	9.09	0.00	0.00	13.64	40.91	31.82	4.55
2013 static pool										
AAA	703	95.73	2.42	0.00	0.00	0.00	0.00	0.00	0.00	1.85
AA	7,026	1.41	94.29	0.75	0.00	0.00	0.00	0.00	0.00	3.54
A	9,409	0.01	4.52	91.36	0.68	0.11	0.00	0.00	0.00	3.33
BBB	1,494	0.00	0.40	10.31	81.66	3.15	0.27	0.07	0.13	4.02
BB	143	0.00	0.00	2.80	2.80	80.42	5.59	0.00	0.00	8.39
B	41	0.00	2.44	0.00	4.88	2.44	60.98	7.32	14.63	7.32
CCC/C	31	0.00	0.00	0.00	0.00	0.00	0.00	41.94	25.81	32.26

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 27**

Housing Obligor Static Pool One-Year Transition Matrices By Category										
From/To	Issuers	AAA	AA	A	BBB	BB	B	CCC/C	D	NR
1986 static pool										
AAA	866	91.92	1.96	0.23	0.12	0.00	0.00	0.00	0.00	5.77
AA	1,016	0.10	95.57	1.67	0.30	0.10	0.00	0.10	0.00	2.17
A	638	0.00	0.16	95.30	2.51	0.16	0.47	0.16	0.00	1.25
BBB	71	0.00	0.00	0.00	97.18	0.00	2.82	0.00	0.00	0.00
BB	1	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00
B	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CCC/C	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1987 static pool										
AAA	889	92.91	4.72	1.35	0.00	0.00	0.00	0.00	0.11	0.90
AA	1,057	0.19	95.08	3.41	0.09	0.09	0.00	0.00	0.00	1.14
A	658	0.30	0.00	94.68	0.30	1.67	0.00	0.00	0.00	3.04
BBB	92	0.00	1.09	9.78	84.78	0.00	0.00	1.09	0.00	3.26
BB	3	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00
B	5	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00
CCC/C	2	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00
1988 static pool										
AAA	911	96.82	0.55	0.77	0.00	0.11	0.00	0.00	0.00	1.76
AA	1,090	0.18	93.03	1.10	2.39	0.00	0.09	0.00	0.09	3.12
A	718	0.14	0.14	80.36	14.90	0.14	0.14	0.00	0.00	4.18
BBB	82	0.00	0.00	0.00	85.37	3.66	0.00	0.00	0.00	10.98
BB	19	0.00	0.00	0.00	0.00	89.47	0.00	10.53	0.00	0.00
B	5	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00
CCC/C	3	0.00	0.00	0.00	0.00	0.00	0.00	33.33	0.00	66.67
1989 static pool										
AAA	1,006	85.09	0.10	0.00	0.00	0.00	0.00	0.00	0.00	14.81
AA	1,105	0.45	83.80	1.09	0.18	0.09	0.00	0.00	0.00	14.39
A	637	0.00	0.94	81.63	1.26	0.63	0.00	0.00	0.00	15.54
BBB	207	0.00	0.00	1.93	74.40	9.18	0.97	0.48	0.00	13.04
BB	22	0.00	0.00	0.00	0.00	95.45	4.55	0.00	0.00	0.00
B	7	0.00	0.00	0.00	0.00	14.29	28.57	0.00	0.00	57.14
CCC/C	3	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00
1990 static pool										
AAA	970	89.38	1.55	0.82	0.00	1.44	0.00	0.00	0.00	6.80
AA	1,006	0.30	79.62	4.27	0.20	0.10	0.00	0.00	0.00	15.51
A	569	0.35	1.93	85.94	2.99	0.53	0.00	0.00	0.00	8.26
BBB	166	0.00	0.00	3.01	84.34	3.01	0.00	0.00	0.00	9.64
BB	46	0.00	0.00	0.00	0.00	91.30	2.17	4.35	0.00	2.17
B	5	0.00	20.00	0.00	0.00	0.00	80.00	0.00	0.00	0.00

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 27**

Housing Obligor Static Pool One-Year Transition Matrices By Category (cont.)										
CCC/C	4	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00
1991 static pool										
AAA	1,049	92.28	1.14	0.19	0.29	0.00	0.00	0.00	0.00	6.10
AA	934	0.32	61.99	14.45	0.43	0.00	0.00	0.00	0.00	22.81
A	623	0.00	0.48	75.44	1.77	0.00	0.00	0.00	0.00	22.31
BBB	165	0.00	0.00	1.21	76.36	10.30	1.82	0.00	0.00	10.30
BB	69	0.00	0.00	2.90	10.14	42.03	18.84	1.45	24.64	0.00
B	5	0.00	0.00	0.00	0.00	0.00	60.00	0.00	0.00	40.00
CCC/C	6	0.00	0.00	0.00	0.00	0.00	0.00	66.67	16.67	16.67
1992 static pool										
AAA	1,122	93.58	0.53	0.27	0.00	0.00	0.00	0.00	0.00	5.61
AA	690	0.14	81.01	4.06	0.00	0.00	0.00	0.14	0.00	14.64
A	744	0.27	4.17	84.27	1.34	0.00	0.00	0.27	0.00	9.68
BBB	156	0.00	0.00	5.13	76.28	3.85	0.00	0.00	0.00	14.74
BB	47	0.00	0.00	4.26	19.15	40.43	2.13	8.51	0.00	25.53
B	19	0.00	0.00	0.00	0.00	15.79	47.37	31.58	5.26	0.00
CCC/C	5	0.00	0.00	0.00	20.00	0.00	0.00	60.00	0.00	20.00
1993 static pool										
AAA	1,180	78.64	0.76	1.27	0.00	0.00	0.00	0.00	0.00	19.32
AA	660	0.45	82.42	5.30	0.61	0.00	0.00	0.00	0.00	11.21
A	727	0.41	1.79	85.69	0.96	0.00	0.00	0.00	0.00	11.14
BBB	148	0.00	2.03	9.46	73.65	1.35	0.00	0.00	0.00	13.51
BB	28	0.00	0.00	3.57	28.57	50.00	3.57	3.57	0.00	10.71
B	10	0.00	0.00	0.00	0.00	20.00	40.00	10.00	0.00	30.00
CCC/C	16	0.00	0.00	0.00	0.00	12.50	0.00	68.75	12.50	6.25
1994 static pool										
AAA	1,074	93.30	0.09	0.74	0.00	0.00	0.00	0.00	0.00	5.87
AA	619	0.48	86.43	2.75	0.16	0.00	0.00	0.00	0.00	10.18
A	736	0.27	6.66	75.82	1.09	0.00	0.00	0.00	0.00	16.17
BBB	134	0.75	0.00	5.97	72.39	0.00	0.00	0.00	0.00	20.90
BB	20	0.00	0.00	0.00	10.00	75.00	0.00	5.00	0.00	10.00
B	6	0.00	0.00	0.00	0.00	0.00	66.67	33.33	0.00	0.00
CCC/C	14	0.00	0.00	0.00	0.00	0.00	0.00	57.14	7.14	35.71
1995 static pool										
AAA	1,214	79.41	0.41	0.41	0.00	0.00	0.00	0.00	0.00	19.77
AA	625	0.80	72.80	1.28	0.00	0.00	0.00	0.00	0.00	25.12
A	655	0.76	6.72	66.56	0.15	0.00	0.00	0.00	0.00	25.80
BBB	115	0.00	0.00	7.83	59.13	1.74	0.87	1.74	0.00	28.70
BB	15	0.00	0.00	0.00	20.00	33.33	0.00	0.00	0.00	46.67
B	4	0.00	0.00	0.00	0.00	0.00	75.00	0.00	0.00	25.00

Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update

Table 27

Housing Obligor Static Pool One-Year Transition Matrices By Category (cont.)										
CCC/C	11	0.00	0.00	9.09	9.09	0.00	0.00	45.45	9.09	27.27
1996 static pool										
AAA	1,247	90.70	0.00	0.24	0.00	0.00	0.00	0.00	0.00	9.06
AA	554	1.08	86.46	0.36	0.18	0.00	0.00	0.00	0.00	11.91
A	504	0.60	1.98	78.57	0.20	0.40	0.00	0.00	0.00	18.25
BBB	85	0.00	0.00	12.94	64.71	0.00	0.00	0.00	0.00	22.35
BB	7	0.00	0.00	0.00	14.29	42.86	0.00	14.29	0.00	28.57
B	4	0.00	0.00	0.00	0.00	25.00	25.00	0.00	0.00	50.00
CCC/C	7	0.00	0.00	0.00	0.00	0.00	0.00	71.43	14.29	14.29
1997 static pool										
AAA	1,449	96.00	0.00	0.07	0.00	0.00	0.00	0.00	0.00	3.93
AA	540	7.78	74.07	0.56	0.00	0.00	0.00	0.00	0.00	17.59
A	464	0.86	3.23	76.94	0.00	0.00	0.00	0.00	0.00	18.97
BBB	70	0.00	1.43	2.86	82.86	0.00	0.00	0.00	0.00	12.86
BB	8	0.00	0.00	0.00	0.00	50.00	12.50	25.00	0.00	12.50
B	1	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00
CCC/C	6	0.00	0.00	0.00	0.00	0.00	0.00	66.67	0.00	33.33
1998 static pool										
AAA	1,723	90.95	1.04	0.00	0.00	0.00	0.00	0.00	0.00	8.01
AA	469	0.85	91.04	0.43	0.00	0.00	0.00	0.00	0.00	7.68
A	395	0.25	3.80	74.43	2.03	0.00	0.00	0.00	0.00	19.49
BBB	62	0.00	0.00	0.00	74.19	1.61	0.00	0.00	0.00	24.19
BB	4	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00
B	2	0.00	0.00	0.00	0.00	0.00	50.00	0.00	0.00	50.00
CCC/C	6	0.00	0.00	0.00	0.00	0.00	0.00	50.00	33.33	16.67
1999 static pool										
AAA	1,827	93.27	0.38	0.00	0.00	0.00	0.00	0.00	0.05	6.29
AA	529	1.70	89.41	0.57	0.00	0.00	0.00	0.00	0.00	8.32
A	337	0.30	4.45	81.31	2.37	0.00	0.30	0.00	0.00	11.28
BBB	60	1.67	1.67	0.00	83.33	8.33	0.00	0.00	0.00	5.00
BB	5	0.00	0.00	0.00	0.00	80.00	0.00	0.00	0.00	20.00
B	1	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00
CCC/C	4	0.00	0.00	0.00	0.00	0.00	0.00	25.00	25.00	50.00
2000 static pool										
AAA	2,001	96.80	0.20	0.10	0.00	0.00	0.00	0.00	0.00	2.90
AA	564	0.89	94.68	1.06	0.00	0.00	0.00	0.00	0.00	3.37
A	335	0.60	1.79	90.75	0.90	0.60	0.90	0.00	0.00	4.48
BBB	63	0.00	0.00	1.59	80.95	7.94	3.17	3.17	0.00	3.17
BB	10	0.00	0.00	0.00	0.00	80.00	0.00	20.00	0.00	0.00
B	2	0.00	0.00	0.00	0.00	0.00	50.00	0.00	0.00	50.00

Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update

Table 27

Housing Obligor Static Pool One-Year Transition Matrices By Category (cont.)										
CCC/C	2	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00
2001 static pool										
AAA	2,216	96.84	0.18	0.00	0.00	0.00	0.00	0.00	0.00	2.98
AA	605	2.64	92.40	0.83	0.00	0.00	0.00	0.00	0.00	4.13
A	348	2.59	6.03	82.76	1.44	0.29	0.00	0.00	0.00	6.90
BBB	57	0.00	0.00	5.26	84.21	3.51	0.00	0.00	0.00	7.02
BB	16	0.00	0.00	0.00	0.00	50.00	37.50	0.00	0.00	12.50
B	6	0.00	0.00	0.00	0.00	0.00	33.33	16.67	0.00	50.00
CCC/C	6	0.00	0.00	0.00	0.00	0.00	0.00	50.00	16.67	33.33
2002 static pool										
AAA	2,440	95.94	0.04	0.04	0.00	0.00	0.00	0.00	0.00	3.98
AA	652	1.07	89.26	1.23	0.00	0.00	0.00	0.00	0.00	8.44
A	332	0.60	0.60	90.06	1.51	1.20	0.60	0.30	0.30	4.82
BBB	55	0.00	0.00	0.00	78.18	9.09	0.00	3.64	1.82	7.27
BB	12	0.00	0.00	0.00	0.00	66.67	16.67	8.33	8.33	0.00
B	9	0.00	0.00	0.00	0.00	0.00	44.44	33.33	22.22	0.00
CCC/C	4	0.00	0.00	0.00	0.00	0.00	0.00	75.00	25.00	0.00
2003 static pool										
AAA	2,596	91.76	0.31	0.00	0.00	0.08	0.00	0.00	0.04	7.82
AA	657	0.61	91.48	1.07	0.00	0.00	0.00	0.00	0.00	6.85
A	373	1.07	2.41	79.89	2.95	3.49	0.00	0.00	0.00	10.19
BBB	59	0.00	0.00	1.69	64.41	15.25	0.00	1.69	0.00	16.95
BB	19	0.00	0.00	0.00	0.00	47.37	21.05	5.26	0.00	26.32
B	8	0.00	0.00	0.00	0.00	0.00	37.50	25.00	0.00	37.50
CCC/C	11	0.00	0.00	0.00	0.00	0.00	0.00	45.45	36.36	18.18
2004 static pool										
AAA	2,593	91.21	0.12	0.00	0.00	0.00	0.00	0.00	0.00	8.68
AA	690	2.46	87.54	0.00	0.00	0.00	0.00	0.00	0.00	10.00
A	355	7.04	0.28	74.93	1.97	1.13	0.28	0.28	0.00	14.08
BBB	58	0.00	0.00	0.00	74.14	8.62	3.45	3.45	1.72	8.62
BB	33	3.03	0.00	0.00	0.00	54.55	12.12	6.06	3.03	21.21
B	7	0.00	0.00	0.00	0.00	0.00	71.43	14.29	0.00	14.29
CCC/C	10	0.00	0.00	0.00	0.00	0.00	0.00	40.00	20.00	40.00
2005 static pool										
AAA	2,538	84.16	3.82	0.00	0.00	0.04	0.00	0.00	0.00	11.98
AA	676	0.89	84.62	0.00	0.00	0.00	0.00	0.00	0.00	14.50
A	307	9.12	4.23	71.01	1.95	0.98	0.33	0.00	0.00	12.38
BBB	53	0.00	0.00	1.89	64.15	11.32	1.89	1.89	0.00	18.87
BB	28	0.00	0.00	0.00	0.00	64.29	17.86	7.14	0.00	10.71
B	12	0.00	0.00	0.00	0.00	0.00	58.33	25.00	8.33	8.33

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 27**

Housing Obligor Static Pool One-Year Transition Matrices By Category (cont.)										
CCC/C	10	0.00	0.00	0.00	0.00	0.00	0.00	40.00	50.00	10.00
2006 static pool										
AAA	2,312	90.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.86
AA	796	4.27	84.80	0.00	0.00	0.00	0.00	0.00	0.13	10.80
A	258	7.36	5.04	74.81	1.16	0.39	0.00	0.00	0.00	11.24
BBB	48	0.00	2.08	12.50	66.67	12.50	0.00	0.00	0.00	6.25
BB	28	0.00	0.00	0.00	3.57	46.43	28.57	3.57	0.00	17.86
B	14	0.00	0.00	0.00	0.00	0.00	71.43	21.43	0.00	7.14
CCC/C	10	0.00	0.00	0.00	0.00	0.00	0.00	70.00	20.00	10.00
2007 static pool										
AAA	2,254	91.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.12
AA	773	1.81	89.52	0.00	0.00	0.13	0.00	0.26	0.00	8.28
A	221	2.26	0.45	84.62	0.00	0.45	0.45	0.90	0.45	10.41
BBB	39	0.00	0.00	7.69	74.36	0.00	0.00	2.56	0.00	15.38
BB	20	0.00	0.00	0.00	0.00	75.00	5.00	0.00	0.00	20.00
B	18	0.00	0.00	0.00	0.00	0.00	72.22	0.00	11.11	16.67
CCC/C	11	0.00	0.00	0.00	0.00	0.00	0.00	63.64	0.00	36.36
2008 static pool										
AAA	2,203	92.10	1.91	0.05	0.05	0.00	0.00	0.00	0.00	5.90
AA	777	3.86	87.52	3.60	0.64	0.00	0.00	0.00	0.00	4.38
A	210	1.43	1.43	90.48	0.48	2.38	0.00	0.00	0.00	3.81
BBB	33	0.00	0.00	6.06	84.85	0.00	3.03	3.03	0.00	3.03
BB	17	0.00	0.00	5.88	5.88	64.71	5.88	5.88	0.00	11.76
B	15	0.00	0.00	0.00	0.00	0.00	93.33	6.67	0.00	0.00
CCC/C	12	0.00	0.00	0.00	0.00	0.00	0.00	66.67	8.33	25.00
2009 static pool										
AAA	2,169	87.55	5.49	0.09	0.09	0.28	0.00	0.23	0.00	6.27
AA	826	3.03	80.02	1.82	0.36	0.85	0.00	0.36	0.00	13.56
A	234	4.70	0.43	77.78	6.84	1.28	0.00	0.00	0.00	8.97
BBB	37	0.00	0.00	8.11	62.16	8.11	5.41	2.70	0.00	13.51
BB	16	0.00	6.25	0.00	6.25	37.50	12.50	0.00	0.00	37.50
B	16	0.00	0.00	0.00	0.00	0.00	56.25	0.00	0.00	43.75
CCC/C	11	0.00	0.00	0.00	9.09	0.00	0.00	18.18	27.27	45.45
2010 static pool										
AAA	2,009	70.78	3.48	1.29	0.20	1.44	0.45	0.15	0.00	22.20
AA	828	1.81	81.28	3.86	0.00	0.00	0.00	0.00	0.00	13.04
A	220	2.73	0.45	79.09	1.36	1.82	0.00	0.45	0.00	14.09
BBB	47	0.00	0.00	12.77	46.81	34.04	0.00	0.00	0.00	6.38
BB	25	0.00	0.00	0.00	0.00	60.00	12.00	0.00	0.00	28.00
B	13	0.00	0.00	0.00	0.00	0.00	69.23	7.69	0.00	23.08

*Default, Transition, and Recovery: U.S. Public Finance Defaults And Rating Transition Data: 2013 Update***Table 27****Housing Obligor Static Pool One-Year Transition Matrices By Category (cont.)**

CCC/C	11	9.09	0.00	0.00	0.00	0.00	0.00	27.27	0.00	63.64
2011 static pool										
AAA	1,540	11.56	79.35	0.00	0.00	0.00	0.00	0.00	0.00	9.09
AA	786	0.51	84.48	1.27	0.00	0.00	0.00	0.00	0.00	13.74
A	260	0.00	5.00	85.00	3.46	0.00	0.00	0.00	0.00	6.54
BBB	34	0.00	2.94	0.00	88.24	2.94	2.94	0.00	0.00	2.94
BB	66	0.00	9.09	0.00	1.52	56.06	24.24	0.00	0.00	9.09
B	21	0.00	19.05	0.00	0.00	0.00	76.19	0.00	0.00	4.76
CCC/C	8	0.00	12.50	0.00	0.00	0.00	0.00	37.50	12.50	37.50
2012 static pool										
AAA	192	76.04	7.29	0.00	0.00	0.00	0.00	0.00	0.00	16.67
AA	2,013	0.00	87.73	0.70	0.00	0.15	0.10	0.05	0.00	11.28
A	256	0.00	2.73	80.08	0.39	0.78	0.00	0.00	0.00	16.02
BBB	48	0.00	2.08	4.17	83.33	2.08	2.08	0.00	0.00	6.25
BB	39	0.00	0.00	2.56	2.56	79.49	0.00	2.56	0.00	12.82
B	33	0.00	3.03	0.00	0.00	0.00	60.61	9.09	0.00	27.27
CCC/C	3	0.00	0.00	0.00	0.00	0.00	0.00	66.67	0.00	33.33
2013 static pool										
AAA	159	94.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.66
AA	1,889	0.16	88.88	0.79	0.00	0.05	0.00	0.05	0.00	10.06
A	267	0.00	5.24	77.90	1.12	0.75	0.00	0.00	0.00	14.98
BBB	48	0.00	0.00	18.75	64.58	4.17	0.00	0.00	0.00	12.50
BB	37	0.00	2.70	0.00	2.70	67.57	0.00	5.41	0.00	21.62
B	23	0.00	4.35	4.35	0.00	8.70	65.22	8.70	4.35	4.35
CCC/C	7	0.00	14.29	0.00	0.00	0.00	0.00	85.71	0.00	0.00

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EXHIBIT N



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Re: *In re City of Stockton, California*, Case No. 2012-32118 (Bankr. E.D. Cal.)

Counsel:

Pursuant to paragraphs 1 and 36 of the Order Governing The Disclosure And Use Of Discovery Information And Scheduling Dates, Etc. [Dkt. Nos. 1224 (Case), 16 (Proceeding)] ("Order"), as amended by the Order Modifying Order Governing The Disclosure And Use Of Discovery



Joshua D. Morse
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Information And Scheduling Dates, Etc. ("Modifying Order")¹, the City hereby provides all Parties with the following list of percipient witnesses whose testimony the City currently believes it may submit at the Trial or the Hearing:

- Vanessa Burke (City of Stockton) – Ms. Burke will testify to issues relating to the City's finances, including but not limited to the receipt and use of public facilities fees, the City's payment of postpetition debts, collection of revenues, and payment of general liability claims.
- Steven Chase (City of Stockton) – Mr. Chase will testify to issues relating to the City's public facilities fees and the Golf Course/Park Properties, including but not limited to historical and projected PFF revenues, allowed uses of PFF funds, likely limitations on future PFF revenues, and restrictions on the use of the Golf Course/Park Properties.
- Bob Deis (Former City Manager) – Mr. Deis will testify to issues related to the feasibility of the Plan, including but not limited to the City's efforts to cut costs and raise revenues, the City's financial health, the general economic environment in which the City operates, the value of the leases for the Golf Course/Park Properties, and the benefits to the City of the new lease of the fourth floor of the 400 E. Main Street property.
- Kenneth Dieker (Del Rio Advisors) – Mr. Dieker will testify to issues relating to the City's public finance transactions, including without limitation the structure of the 2009 LRBs and the City's negotiated settlements with Ambac, Assured, and NPFG.
- Ann Goodrich (Public Law Group) – Ms. Goodrich will testify to issues relating to the City's negotiations with its labor unions and the Retirees Committee, including but not limited to the City's settlement with the SPOA and the calculation and settlement of the Retiree Health Benefit Claims.

¹ The City and Franklin subsequently stipulated to extend the deadline for the service of fact and expert witness lists to March 26.



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- Jennifer Johnston (Franklin) – The City will seek testimony from Ms. Johnston relating to the 2009 LRBs and the purpose and performance of the Franklin Funds, including but not limited to Franklin's understanding of the structure of the 2009 LRBs and Franklin's due diligence prior to entering into the 2009 transaction.
- Chief Eric Jones (City of Stockton) – Chief Jones will testify to issues relating to the City's police force, including but not limited to the need for the City to continue paying competitive pensions.
- Robert Leland (Management Partners) – Mr. Leland will testify to issues relating to the City's Long-Range Financial Plan, including but not limited to the City's projected revenues and expenses and projected financial performance following confirmation of the Plan.
- Laurie Montes (City of Stockton) – Ms. Montes will testify to issues relating to the City's fiscal health and settlements with certain creditors, including but not limited to the City's settlements with the Thunder and with the Price plaintiffs, as well as the City's satisfaction of certain legal requirements.
- Katie Nownes (Rust Omni) – Ms. Nownes will testify as to the results of the Plan balloting, including Rust Omni's process for tabulating the ballot results.
- Val Toppenberg (City of Stockton) – Mr. Toppenberg will testify to issues relating to certain City properties and leases, including but not limited to the value of the Golf Course/Park Leases and financial performance of the Golf Course/Park Properties, the benefits to the City of the new lease of the fourth floor of the 400 E. Main Street property, and the City's settlements with Assured, Marina Towers, and DBW.
- John Wiley (Franklin) - The City will seek testimony from Mr. Wiley relating to the 2009 LRBs and the purpose and performance of the Franklin Funds, including but not limited to Franklin's understanding of the structure of the 2009 LRBs and Franklin's due diligence prior to entering into the 2009 transaction.



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- Kurt Wilson (City of Stockton) – Mr. Wilson will testify to issues relating to the City’s business judgment, including but not limited to the settlements entered into between the City and various creditors, the City’s efforts to cut costs and raise revenues, the feasibility of the Plan and the City’s long-term financial health, and the City’s decision to continue honoring its pension obligations.
- Susan Wren (City of Stockton) – Ms. Wren will testify to issues relating to the Golf Course/Park Properties, including but not limited to the financial performance of Oak Park and the Swenson and Van Buskirk golf courses.
- Teresia Zadroga-Haase (City of Stockton) – Ms. Zadroga-Haase will testify to issues relating to the Retiree Health Benefit Claims and the City’s CalPERS obligations, including but not limited to the basis for and amount of the health benefit claims and CalPERS obligations, respectively.

Also pursuant to paragraphs 1 and 36 of the Order, as amended by the Modifying Order, the City also hereby identifies the following expert witnesses that it may call to present evidence in its case-in-chief:

- Kenneth Dieker (Del Rio Advisors)
- Robert Leland (Management Partners)
- Val Toppenberg (City of Stockton)

Kenneth Dieker, Robert Leland, and Val Toppenberg are employees of or consultants to the City who have not been retained especially to provide expert testimony. As such, they may provide expert testimony under Federal Rule of Civil Procedure 26(a)(2)(C) and will not prepare written reports. Witnesses that are employees or consultants of the City are being designated as experts merely out of an abundance of caution. These individuals will testify primarily as percipient witnesses, but may be called upon to give expert testimony pursuant to Federal Rule of Civil Procedure 26(a)(2)(C) and Federal Rules of Evidence 602, 703, or 705. The subject matter to which



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these witnesses may testify as experts has been detailed in the City's Rule 26(a)(2)(C) disclosures, a copy of which is included with this letter.

Pursuant to the Order and Modifying Order, the disclosure of witnesses herein does not include rebuttal or impeachment witnesses. The City reserves the right to call any of the percipient or expert witnesses listed herein as rebuttal or impeachment witnesses.

Very truly yours

/s/ *Patrick B. Bocash*

Patrick B. Bocash

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7 Attorneys for Debtor
City of Stockton

9 UNITED STATES BANKRUPTCY COURT
10 EASTERN DISTRICT OF CALIFORNIA
11 SACRAMENTO DIVISION

13 In re:
14 CITY OF STOCKTON, CALIFORNIA,
15 Debtor.

Case No. 2012-32118

Chapter 9

**CITY OF STOCKTON,
CALIFORNIA'S DISCLOSURE
OF NON-RETAINED EXPERT
TESTIMONY PURSUANT TO
FEDERAL RULE OF CIVIL
PROCEDURE 26(a)(2)(C)**

Date: May 12, 2014
Time: 9:30 a.m.
Dept: 35
Judge: Hon. Christopher M. Klein

22 The City of Stockton, California (the "City") expects that a number of its current and
23 former employees and/or consultants will testify as fact witnesses at the Confirmation Hearing
24 and/or in the Adversary Proceeding. Several of the issues in dispute in these proceedings involve
25 the technical and specialized knowledge of, and work performed by, such individuals. As a
26 result, some of the testimony that may be elicited from these witnesses by the City may arguably
27 be opinion testimony based in part on specialized knowledge within the scope of Federal Rule of
28 Evidence 702.

1 Therefore, pursuant to Fed. R. Civ. P. 26(a)(2)(C), the City hereby makes its summary
2 disclosures of the testimony these witnesses may provide that may fall under Federal Rule of
3 Evidence 702, 703, or 705. This disclosure summarizes only the expected testimony of these
4 witnesses that may fall under Federal Rule of Evidence 702, 703, or 705; it does not summarize
5 other testimony that will be presented by these witnesses. Nor is the inclusion of any fact or
6 opinion in the summaries that follow an admission by the City that such testimony falls within the
7 scope of Federal Rule of Evidence 702. Rather, while the City does not concede that any of the
8 testimony summarized below constitutes expert testimony, it makes this disclosure in an
9 abundance of caution and with the intent of providing sufficient notice to any objecting party of
10 the possibility that the following witnesses may provide expert testimony.

11 1. Robert Leland
12 Senior Manager
13 Management Partners, Inc.
14 2107 North First Street, Suite 470
San Jose, CA 95131

15 Mr. Leland is a Senior Manager at the consulting firm of Management Partners. Mr.
16 Leland has 39 years of experience in state and local government finance. He has served as the
17 Director of Finance for the City of Fairfield, California, Assistant Finance Director for the City of
18 Sacramento, California, and as a staff consultant to the Assembly Revenue and Taxation
19 Committee. Since March of 2012, Mr. Leland has been a consultant to the City on the creation of
20 the City's budget model. Mr. Leland is also the principal author of the Long-Range Financial
21 Plan of the City of Stockton ("Long-Range Financial Plan"), which is Exhibit B to the Disclosure
22 Statement With Respect To First Amended Plan For The Adjustment Of Debts Of City Of
23 Stockton, California (November 15, 2013). Based on this past experience and on his experience
24 in his current assignment in Stockton, Mr. Leland may testify that the findings, projections,
25 assumptions, and underlying facts used to create the Long-Range Financial Plan, as supplemented
26 by new and updated financial data generated since the filing of the disclosure statement, represent
27 the City's best efforts to forecast its revenues, costs, and overall feasibility under the terms of its
28 plan of adjustment. Those findings, projections, assumptions, and facts are contained within the

1 Long-Range Financial Plan and updated financial data generated by the City on an ongoing basis.

2 2. Kenneth Dieker
3 Principal
4 Del Rio Advisors, LLC
5 1325 Country Club Drive
6 Modesto, CA 95356

7 Mr. Dieker is the Principal of Del Rio Advisors, LLC, an independent Municipal Finance
8 Advisor that he founded in 1991. It advises municipal issuers on their bond issuances, including
9 providing analyses of market conditions, bond marketability, interest rates, and bond pricing and
10 structuring. Mr. Dieker has served as a financial advisor to the City since March of 2011, and
11 during that period has also served as the City's Interim Debt Manager. Mr. Dieker was also the
12 financial advisor for the City on the Stockton Public Financing Authority Lease Revenue Bonds,
13 2009 Series A (Capital Improvement Projects) issued on September 9, 2009 (the "2009
14 Agreement"). Based on his 23 years of experience in this field (as of 2009) and his involvement
15 as the City's Financial Advisor in the negotiation of the 2009 Agreement, Mr. Dieker may testify
16 regarding how the 2009 Agreement compared to the City's other existing bond issuances and to
17 bond transactions of other issuers being offered at the time. Specifically, Mr. Dieker will testify
18 that the 2009 Agreement represented a risky investment relative to market conditions at the time,
19 and that Franklin was compensated at a higher rate under the 2009 Agreement as a result of that
20 risk. Mr. Dieker's testimony will be based on the history of the City's bond issuances, its
21 negotiations with Franklin and others involving what became the 2009 Agreement, and the
22 market conditions under which the City and Franklin entered into the 2009 Agreement.

23 3. Val Toppenberg
24 City Manager's Office
25 City of Stockton, California
26 425 N. El Dorado Street
27 Stockton, California 95202

28 Mr. Toppenberg is currently the Economic Development Advisor for the City of Stockton,
a position he has held since March 2013, and in which capacity he has participated in the
preparation and review of technical and real estate-related documents for the City. Mr.

1 Toppenberg has 36 years of public agency experience in planning, redevelopment, and economic
2 development, including 25 years as the Director of Redevelopment and Economic Development
3 for the cities of Merced, California, and West Sacramento, California. Mr. Toppenberg also has
4 several years of experience advising clients on land use issues and development projects. Mr.
5 Toppenberg may testify that a lease on Oak Park, Swenson Golf Course, and Van Buskirk Golf
6 Course has virtually no value. Mr. Toppenberg's testimony on this issue will be based on his
7 professional experience in the property market, the historical performance of these properties, the
8 yearly subsidies paid by the City to cover operational deficits run by the courses, conversations
9 Mr. Toppenberg has had with appraisers who have stated that the golf courses have no value, and
10 past, current, and projected economic conditions in the City. Mr. Toppenberg may also testify
11 that the lease of 400 E. Main that the City will enter into as a part of its settlement with Assured
12 Guaranty is a below-market lease that will result in substantial savings for the City. Mr.
13 Toppenberg's testimony on this subject will be based on the terms of the new lease and the past,
14 current, and projected market for leased properties in the City, and on his professional experience
15 in real estate matters.

16 Dated: March 18, 2014

MARC A. LEVINSON
NORMAN C. HILE
PATRICK B. BOCASH
Orrick, Herrington & Sutcliffe LLP

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20 By: /s/ Marc A. Levinson
21 MARC A. LEVINSON
22 Attorneys for Debtor
23 City of Stockton
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